C3923-1

SUPERMARKET BUSINESS

$32.00
PER COPY

VOLUME 44/NUMBER 9
SEPTEMBER 1989

SH 000344938 WLTT C9/01
CONGRESSIONAL INFO SERVICE 66
4520 EAST-WEST HIGHWAY
BETHESDA MD 20814

42ND ANNUAL

SALES TOP $310 BILLION

SERVICE BAKERY,
DELI, PRODUCE
CONTINUE TO GAIN

SUPERMARKET BUSINESS

SEPTEMBER 1989

VOLUME 44/NUMBER 9

Page 162

Page 19

Page 111

42ND ANNUAL CONSUMER EXPENDITURES STUDY

SPENDING TRENDS AT GROCERY STORES 67

Sales in grocery stores exceeded $310 billion in 1988, up 5.3 percent, over the year before. With an increase in the consumer price index of 4.0 percent, grocery stores gains were modest but steady.

HIGHLIGHTS 65-72

EXPENDITURE TABLES

SUMMARY TABLES 73,74

PERISHABLES 75

DRY GROCERY/FOOD 78

DRY GROCERY/NONFOOD 88

HEALTH & BEAUTY AIDS 99

GENERAL MERCHANDISE 104

FOCUS FEATURES

BABY NEEDS 153
BAKED GOODS 155
BEER 159
CANDY AND GUM 162
CANNED GOODS 165
CEREAL 168
DAIRY 173
FROZEN FOODS 175
GENERAL MERCHANDISE 179
GREETING CARDS 191
HEALTH & BEAUTY AIDS 194
PERIODICALS 197
PRODUCE 199
PET NEEDS 205
PHOTO SUPPLIES 209
REFRIGERATED FOODS 213
SNACKS 215
SOFT DRINKS 217
TOBACCO 225

INSTORE BUSINESS 109

A SUPERMARKET PREMIERE:
BEVERLY HILLS SHOP 111
A SUPER SALAD STORE—
AND MORE 121
INSTORE BAKERY FOCUS 131
DELI FOCUS 135
SEAFOOD FOCUS 143
PREPARING FOOD 149

FEATURES

OH MY, WHAT'S THIS—A *GOOD* LBO? CAROL FENSHOLT 19

Ownership by management of the former Oklahoma Division seems to be giving 106 ex-Safeway stores a whole new lease on life.

SPECIAL SECTION: CATERING TO A CHANGING CONSUMER 37

PSYCHOGRAPHICS FOR THE 1990s 38

The new VALS psychographic system could be a boon to marketers in the '90s.

REVOLUTION IN THE KITCHEN 46

By the year 2010, over a span of four generations, the in-home preparation time for dinner will have gone from almost three hours to 15 minutes or less.

HELPING ELDERLY SHOPPERS 53

Store owners can help elderly shoppers become loyal customers with a few extra steps.

CUSTOMER SATISFACTION GUARANTEED ... IF YOU WORK AT IT 54

CONSUMERS SOUND OFF ON SUPERMARKET SHOPPING 55

COLUMNS & DEPARTMENTS

EDITOR'S VIEW **5**
WASHINGTON BRIEFS.... **7**
TRADESCAN **9**
TECHNOLOGY **13**
PRACTICAL PROFIT TIPS . **16**
PRODUCE................ **35**
SAMI UPDATE **233**
GM/HBA ISSUES **235**
NEW PRODUCTS........ **238**
JULY CONTEST WINNERS. **242**
SEPTEMBER CONTEST .. **245**
CHECKOUT **246**

Cover photo: Marisa Pellegrini
CBS Illustrations: Steve Sweny

EDITOR'S VIEW

EDITOR-IN-CHIEF:
Kenneth P. Partch

MANAGING EDITOR:
Peter Easton

SENIOR EDITOR/RESEARCH:
David Litwak

SENIOR EDITOR:
Mike Duff

ASSISTANT EDITOR:
Lauren Lolacoi

EDITORIAL ASSISTANT:
Danielle Jean-Charles

CONSULTING ART DIRECTOR:
Joe Davis

ART ASSOCIATE:
Manuel P. Vila, Jr.

CONTRIBUTING EDITORS:
Produce: **Barney H. McClure**
Meat: **Bob Johnson**
Food Prep: **Elaine Breeder**
Technology: **Richard Shulman**
Store Planning: **David Rogers**
Washington: **John Beskin**
GM/HBA: **Pamela Williams**
Management: **Jack Cohen**

ASSOCIATE PUBLISHER:
Carol Fenchell

BUSINESS OPERATIONS MANAGER:
Craig Bellick

CIRCULATION MANAGER:
Frank Marino

PRODUCTION DIRECTOR:
Gregg Weatherby

RESEARCH DIRECTOR:
David Litwak

ACCOUNTING SERVICES COORDINATOR:
Patricia Murphy

ADVERTISING SALES:

REGIONAL SALES MANAGERS:
Thomas Dean
Dan Rocco

SALES DEVELOPMENT MANAGER:
Janet Isenberg

MARKETING MANAGER:
Janet Tomas Capado

CHICAGO:
VICE PRESIDENT, NATIONAL ACCOUNTS:
Dave Wichard

REGIONAL SALES MANAGER:
John Sandenegger

1821 Walden Office Sq.
Suite 333
Schaumburg, Ill. 60173
312-397-6700

WEST COAST:
Sue Merrill

16133 Ventura Blvd., Suite 1270
Encino, Calif. 91436
818-783-5886

VICE PRESIDENT-ADMINISTRATION:
Catherine Cahill

VICE PRESIDENTS:
Carol Fenchell
Kenneth P. Partch

PUBLISHER:
Jeffrey A. Schneider

CORPORATE OFFICERS
FM BUSINESS PUBLICATIONS, INC.
CHAIRMAN:
Robert Blender

PRESIDENT & CEO:
Paul McPherson

SENIOR VICE PRESIDENT:
Jeffrey A. Schneider

SUPERMARKET BUSINESS Magazine (ISSN 0196-5700) is published monthly by FM Business Publications, Inc., 25 W. 43rd St., New York, N.Y. 10036. Telephone: 212-354-5169. Circulated free of charge to grocery retailers and wholesalers. U.S. subscriptions $48 per year; Canada, $56 per year. Foreign subscriptions $66 (surface), $212 (airmail), per year. Single copies $6 except Consumer Expenditures Study (September issue) $32 per copy. (Discount prices available on multiple purchases.) Copyright © 1989 FM Business Publications, Inc. All rights reserved. Second class postage paid at New York, N.Y., and additional mailing offices.

All circulation inquiries to: SUPERMARKET BUSINESS, 9000 W. 67th St., PO Box 29156, Shawnee Mission, KS 66201. Telephone (913) 236-7300.

By Ken Partch, Editor-in-Chief

Tempest In A Milk Container

The thing that struck me as most odd about the great cow hormone flap was not whether or not the hormone would get into the milk or the meat, but why we needed a more efficient cow. The cows we have are already capable of producing more milk than we need. Would this mean cheaper milk? Somehow I find that hard to believe. It would probably mean larger subsidies. Would it mean fewer farmers? Perhaps not. Perhaps, ultimately, just one farmer with one very large cow. Perhaps everybody could have his own tiny cow. Nah, forget that.

I can understand why the scientists want to make a more efficient cow. It is probably something like why mountain climbers climb mountains—because they are there, and because the scientists can do it. Somebody asked the other day why we sent that space ship to Neptune and what was it for? I couldn't give any practical reasons, except that it seemed like a good idea at the time. And if we didn't do it, maybe the Chinese would do it first, and how would you like that?

I can't be sure why I am getting into the middle of this, except that I spent so much time reading all the backup material sent to me from American Cyanamid, the company that makes bovine somatotropin (BST), that I feel the need to make this time useful—or at least accountable. It must be the old Protestant work ethic at work, or something.

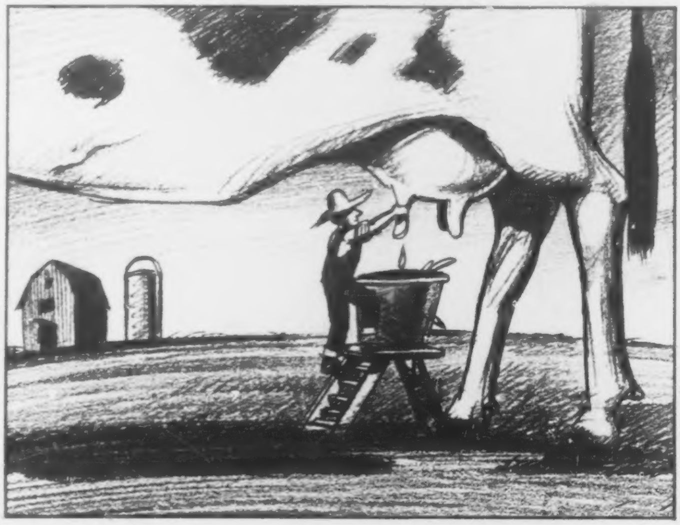


Illustration: Steve Sweny

But since five supermarket chains chose to go on record that they would never sell their customers milk that came from cows that had imbibed BST, it is probably fair that I make my opinions known. Who knows? ... before we know it we could be facing another grape or apple crisis. Have you noticed? Even crises come closer together nowadays than they used to. The TV tube hardly gets a chance to cool down from the last crisis when there we are glued to the new crisis in our food supply. I wonder where Cesar Chavez stands on BST. Would he let farm workers milk cows who were shot up with BST?

Cyanamid says you can't tell milk from cows receiving BST from other milk. Then how are these five stalwart chains going to maintain their stalwartness? Are they going to get documentation from their dairies, the way they do with organic produce, certifying that no BST has passed the lips (or whatever) of cows who gave the milk they sell? How could they tell whether the farmers or the dairies were cheating or not? The Europeans, of course, had a simple (if not underhanded) motivation and solution—just not buy any American beef.

Apparently, this latest tempest in the supermarket is the work of an activist group called the Foundation of Economic Trends, an ominous-sounding, pseudo-thought-control group, or I miss my guess. I'll bet even-money that there's a movie star lurking in that outfit somewhere, just waiting to strike on *60 Minutes* or *The Larry King Show*. But couldn't they come up with a more catchy anagram than FET? How about the Foundation of Economic Trends in the U.S.?

Within this hefty bundle of reading material, which I notice was also sent to several supermarket chief executives, there is an interesting letter from a Dr. Thomas H. Jukes, of the University of California at Berkeley to Dr. Samuel S. Epstein, the author of an article that appeared in *The Los Angeles Times*, called "Growth Hormones Would Endanger Milk." Dr. Jukes says that Dr. Epstein doesn't know a Holstein from a Hereford if he thinks that BST or bovine growth hormone (bGH) will contaminate the milk supply with increased carcinogenic insecticides and leftover antibiotics.

Do Americans want to be safeguarded not only against negligence, but also against bad luck?

His (Jukes's) arguments sound good to this writer, but what do I know? I am willing to go along with the Food and Drug Administration, in this case, since that agency normally errs

Continued on page 9

CATERING TO A
CHANGING CONSUMER

CONSUMERS SOUND OFF
ON SUPERMARKET SHOPPING

BY KEVIN KERR

It's doubtful anyone's dying words ever included regrets about not spending more time in the supermarket. But spend time there we do. It's becoming an increasingly popular place to socialize, especially for those with a bit of time on their hands.

The inaugural edition of the ADWEEK's MARKETING WEEK/Warwick Advertising survey reveals that supermarkets today are running a two-track business. In one spirit shops the Efficient Shopper, who puts a premium on convenience and speed. The people likely to be blocking Efficient Shopper's (headlong) path may well be Social Shoppers, many of them older adults with less pressing time constraints.

As Warwick's Dr. Susan Small-Weil, director of strategic planning, says, "Stores must be cognizant of the attitudinal polarization of their customers." Such awareness might produce more available express services for the "Efficients." For the "Socials," coffee bars, sit-down delis, lounges and other amenities might be more the ticket.

Whatever speed a shopper prefers, though, some pet peeves are virtually unanimous.

"People don't like to feel cheated," says Dr. Small-Weil. Covering up expiration dates, dirty/messy/drippy merchandise and rude employees are no-nos. "Fresh" has become the most potent buzzword on the supermarket scene, more important than "natural" or "light." "Freshness is more important than price," says Small-Weil.

More than half of the shoppers surveyed, 53 percent, don't like to shop, although only 14 percent allow that they hate the task. Women like shopping no more than do men, although they are more pragmatic in the job and become more annoyed over matters of confusing labeling.

The problems of not knowing nutritional ingredients, expiration dates, refrigeration instructions and how to use the food rate are more annoying to women than to men. As Small-Weil sees it, "This shows that women, despite the fact that they may be working, still feel preparing meals is their responsibility."

With the recent profusion of instore and on-cart advertising, marketers have been curious about customer backlash. The data tell a different story. Not one income category recorded more than 20 percent rates of resentment for either form of ads.

One key poll result shows up for manufacturers. The product must present clear communication to the customer.

As Dr. Small-Weil says, "Manufacturers should keep instructions simple so consumers can make a good, informed decision fast."

When the basic foods a family eats cannot be bought from a trusted source, that source is in jeopardy. Trying to trick a supermarket shopper is foolish, short-sighted and not profitable. As Warwick's Small-Weil says, "When you lose trust, it's only a matter of time before the customer moves along to another store." ■

PET PEEVES OF SHOPPING
By Income

	Total	Less than $20,000	$20,000-$29,999	$30,000-$49,999	$50,000+
	%	%	%	%	%
Covering up expiration date with a new, later expiration date	70	63	68	73	88
Dirty, messy merchandise	69	65	66	75	62
Meats look old	66	64	62	72	69
Long lines at cashiers	63	57	62	68	76
Unhelpful store employees	58	51	61	63	50
Overripe, wilted produce	58	53	60	61	57
Covering price with higher price	57	55	59	54	62
Desired items are out of stock	52	52	51	52	55
Merchandise is hard to find	45	44	43	47	45
Hard to locate prices to compare	43	50	34	43	45
No paper bags for groceries	40	44	35	36	52
Displays are confusing	36	39	29	41	26
Shopping carts are in the way	25	19	31	29	24
No plastic bags for groceries	24	27	20	25	21
In-store radio advertising	18	20	21	15	14
Too many brands of one product	17	21	21	14	7
The length of time it takes to redeem coupons	16	27	10	12	12
On-shelf advertising	13	12	19	11	0
On-cart advertising	12	14	16	9	5

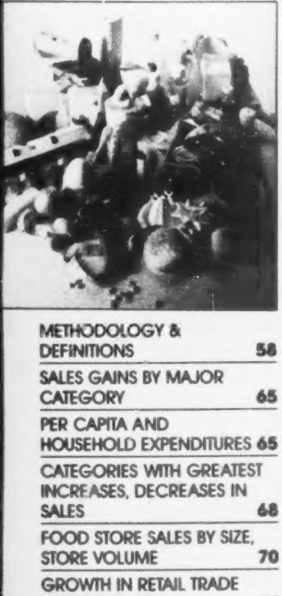
Reprinted with permission of *Adweek's Marketing Week* and Warwick Advertising

42ND ANNUAL

CONSUMER EXPENDITURES STUDY

Sales in grocery stores exceeded $310 billion in 1988, up 5.3 percent, over the year before. With an increase in the CPI of 4.0 percent, grocery store gains were modest but steady. Second to the auto industry at 22 percent, grocery sales are one-fifth of all retail sales.

BY DAVID LITWAK, DIRECTOR OF RESEARCH
ASSISTED BY JANET TORRES CEPEDA



METHODOLOGY & DEFINITIONS 58
SALES GAINS BY MAJOR CATEGORY 65
PER CAPITA AND HOUSEHOLD EXPENDITURES 65
CATEGORIES WITH GREATEST INCREASES, DECREASES IN SALES 68
FOOD STORE SALES BY SIZE, STORE VOLUME 70
GROWTH IN RETAIL TRADE INDUSTRIES 71
REAL GROWTH AND PRICE GROWTH 72
SUMMARY TABLES 73

NOTE: Detailed tables begin on p. 75

It's America in the late 1980s—1988 to be precise. Drive down any suburban shopping strip: The main drag is loaded with stores of every known description, each competing with one another in some way.

The restaurant has become a takeout, the hardware store a home center, the department stores have all gone discount, the gas station sells groceries, the small grocery stores sell gas and the pharmacy sells everything.

In the middle of this cross-marketing mine field sits the supermarket. Now the supermarket has one peculiarity that either gives it an advantage or a disadvantage, depending on your point of view: The supermarket competes with *all* of these other stores.

How did the supermarket fare among all this stiff competition? The answer is good, not great—but a very respectable good.

Sales throughout the grocery industry were up 5.3 percent in 1988. Factoring out a 4.0 percent rise in the U.S. Department of Labor's Consumer Price Index for grocery products, the net result is a gain in volume sales of 1.3 percent for the industry. This represents a very stable pattern of growth from 1987 rates.

The disappointing aspect of grocery stores' sales performance is that the 5.3 percent growth level is below the 6.7 percent growth experienced by all retail industries taken together. Total retail sales in 1988 topped $1.6 trillion. Industries whose growth outpaced grocery's include motor vehicles (9.4 percent), building supplies (8.0 percent), furnishings and appliances (9.5 percent) and specialty foods (12.0 percent).

The grocery industry represents almost 20 percent of the spending among all retail sales in the United States. This is a much larger chunk of America's business than any other retail industry, with the exception of the auto industry, which accounts for 22 percent of retail sales.

Economists talk about retail trade in terms of consumables versus durables. In conceptual form, consumables are those products that are used up fairly quickly. Consumables, taken even at their narrowest definition—that is, those things we eat or drink—are the most powerful force in retail sales.

Grocery industry sales, when added to the sales of the specialty food stores (1.2 percent), liquor stores (1.2 percent), and the restaurant industry (9.7 percent), total over 30 percent of all retail sales. Certainly, at least in terms of retail spending, America is what it eats, and drinks.

What America eats

We seem, once again, to be in love with fresh. Last year saw the sales of all fresh food departments go up. The only decline these departments suffered was that some lost a portion of their share of store sales.

The fresh meat case, which did increase in overall sales (1.2 percent), lost 4.4 percent of its share of store sales. Also on the negative side in terms of share of sales was the produce department (down 1.8 percent), while increasing its total dollar sales. It is natural for these two departments to lose some share of total sales to other sections, since they are among the largest departments in the store.

Dairy, baked goods, bakery and deli increased sales dollars, and all but baked goods increased their share of store sales. The importance of the service deli and the instore bakery to the continuing development of the grocery industry was clearly demonstrated in 1988.

Service deli sales, which include all supermarket foodservice operations, increased 20.8 percent, while instore bakery sales went up 28.6 percent. It is no coincidence that these two departments were among the largest percentage-gaining store categories, and were the number one and number two categories, respectively, in absolute dollar sales gain in 1988.

These departments and others that offer freshly made products, and have the added measure of providing the customer with convenience, continue to drive much of the impetus for growth. SUPERMARKET BUSINESS has pointed out how the deli and bakery, along with the service meat, fish and produce departments have transformed many of our stores into convenient, quality centers for groceries, nonfoods and prepared foods.

Frozen foods also enjoyed a modest sales increase last year, with sales throughout the department rising 4.2 percent. The categories that showed the greatest increases were those frozen items that represented convenience and appealed aesthetically to the consumer.

Categories such as frozen breakfast items, frozen sandwiches, some entree items, bagels and some vegetable combinations did well. Frozen categories in decline last year included frozen fish items (due to health concerns), some frozen fruits and some prepared frozen foods.

Perishable items (up 4.6 percent) fared better than dry grocery food items (up 3.7 percent). Dry grocery categories such as baby foods, breakfast foods, canned fruits and drinks, canned prepared foods, dried foods, and pasta did well in 1988. Other grocery food items suffered through the year. Baking needs fell last year, along with most canned fish, canned meats and prepared drinks. Other categories—desserts, snacks and sweeteners among them—showed only slight increases over 1987 sales levels.

The summer of 1988 saw one of the worst droughts that many parts of the country had experienced for some time.

Some of the declines in dry grocery foods may be a result of increased sales of fresh-made products, such as the instore bakery taking some sales away from baking needs, while store prepared foods may cut down on canned meat and fish items, as well as some frozen prepared foods.

Other reasons for some of the decline include health and nutrition concerns leaving their mark on items such as some canned fish, and snacks, as well as on many perishable items such as some dairy products, packaged meats, and specific varieties of fresh meat and seafood.

Other factors

Lest we all forget, Mother Nature had a hand in determining grocery sales last year. The summer of 1988 saw one of the worst droughts that many parts of the country have experienced for some time. Hardest hit were some of our usually most productive midwestern and southern farming areas, as well as citrus-growing regions.

This affected not only availability, but the price of many produce and grain products. Affected were both those products that are bought at retail, and those that are processed into ingredients for packaged products.

Products such as those used in baking, packaged baked goods, cereals and grain side dishes were greatly affected. According to the Labor Department, the CPI for cereal and bakery products went up 6.4 percent in 1988 (it rose only 2.8 percent in 1987), while fresh produce prices rose 7.4 percent in 1988 (3.0 percent in 1987), processed fruits were 10.3 percent in 1988 (2.9 percent in 1987), and processed vegetables rose 4.8 percent in 1988 (prices dropped 0.2 percent in 1987).

Also affected were the prices of

METHODOLOGY

The 42nd Annual Consumer Expenditures Study (CES) represents a concerted effort of individuals and firms from all facets of the food retailing industry. Drawing on the methodological tradition of 41 prior studies, the 42nd annual study has brought together literally hundreds of sources, from companies that are household names, to those that are acknowledged as leaders within a specific segment of our industry.

The content of the CES is derived from input into each of the 700-plus categories by the leading manufacturers, processors, packers and marketers of those categories. Additional information on each category is gathered from management companies, advertising agencies, government agencies, market research firms, trade associations and wholesalers and retailers of the products.

The methodology used is varied, ranging from the tried-and-true methods of mail and telephone surveys, to old-fashioned book research into secondary sources, to the use of scanning data.

Initially, respondents in each category are sent a questionnaire about that category. Respondents to our questionnaires were supplied with sales estimates from the 41st Annual CES (1987) for the product lines in which they specialize. We asked them to indicate the percent change in retail sales for these products in all outlets and through grocery stores alone. It should be stressed that we asked them to supply industrywide figures, and not their own sales figures. They also had the option to adjust previous sales figures according to their knowledge of the market.

Once these responses had been recorded, they were verified by referring to any number of secondary sources, and retail scanning data. Wherever possible, each number was cross-checked, even if the response came from a marketer who had a 75 percent share of a particular category.

The result of all this is the consolidation of information into one set of numbers that represents the percentage change in the total domestic, grocery and supermarket sales from 1987 to 1988 that is then applied to the 1987 base figure or, if situations warrant, a revised 1987 base figure.

The 1988 CES contains five categories that were not previously broken out in our annual studies. These represent changes in the marketplace that we've incorporated into the study. Figures for these new categories were, in most cases, included in miscellaneous or "other" categories. In order to accurately reflect the changes in the new categories, and the store departments from which they are drawn, it was necessary to revise some of the previously published 1987 figures to include that year's sales in these categories. Wherever the 1987 sales of a category or department have been revised, a footnote appears explaining the revision.

OUR DEFINITIONS OF GROCERY STORES

Some of the following terms are referred to in this report. To assist interpretations of our findings, they are listed below:

Supermarket: Complete, full line self-service and partial service food markets, with a minimum of $2 million per year.

Superette: Self-service or service food store handling groceries, meats and produce, with annual sales of $1 million to $2 million.

Convenience Store: Small food stores, usually open extended hours and selling a limited line of fast-moving items.

Specialty Stores: Stores whose primary line may be meat, dairy, produce, drug or general merchandise.

All Other Food Stores: Small (less than $1 million annual sales) general food stores, or food stores not classified above.

Chain: An operation of 11 or more food retailing stores, regardless of individual dollar volume.

meat and poultry, which had to be fed higher-priced grain and feed in 1988, causing higher prices at the meat counters.

As mentioned, nutritional concerns had a great impact on the sales of grocery products during the last year. The influence of those concerns was felt in two ways: sales increases or decreases in whole categories that were felt to be either healthy or unhealthy, and the development and skyrocketing sales of new substitute-type products.

In terms of category sales, both liquor and wine sales were down again last year, going along with the trend away from alcohol. Beer was up slightly, proving once again that some things are just sacred to the American diet. The heavy fats, such as lard and shortening were down, while sales of olive oil rose 26.4 percent. Pasta categories all increased, while coffee, tea and most drink mixes were down. Bottled water again saw huge sales increases (22.8 percent) in 1988.

In the perishables section, nutritional concerns were just as evident as in dry grocery. Most varieties of packaged meats suffered declines last year, while fresh meat made slight comebacks in all categories. Most produce items were also up slightly.

In the dairy case, eggs completed the year on the negative side once again, as did butter. On the positive side, sales were up for yogurt items and margarine.

A drop in sales was experienced by all varieties of packaged sweet baked goods. Packaged breads and rolls, on the other hand, had good sales increases. Rice and grain cakes exhibited the largest percentage sales increase of any food category last year (up 35.3 percent).

Health concerns are very important, but anybody who's spent time in the grocery business knows that people need to balance out the healthy with the 'just for fun.'

Nutrition nourishes new products

The concerns about fat and cholesterol, and trying to prevent cancer have, more than ever before, spurred an increase in new grocery products. They have also increased the general level of marketing activity in the categories affected by these products.

The two biggest words in the vocabularies of both the health-conscious, and the marketers alike, are *oat bran*. It seems as if suddenly everything you can eat has oat bran in it. The oat bran craze has affected many categories, but none more so than baked goods, including the instore bakery, and cereals. Cereals is a prime example of a category that increased sales by adding new products.

Traditionally, the cereal section has a large number of new products each year, mostly of the ready-to-eat variety. By and large, these products were variations on the same products that previously existed, reformulated under some licensed character name. Sales usually increased accordingly, as each household with a child was morally obliged to purchase at least one box.

Last year the oat bran revolution was incorporated into many new cereal products, and some reformulations of old products, or at least reformulated marketing emphasis. The result was a sales increase in the cereal section of 12.3 percent.

Oat bran alone cannot take credit for all of this increase. Price increases due to the drought had their share of the sales increase, but new products developed in this category to meet the nutritional concerns of consumers certainly had a huge effect.

In the dairy section, many new nutritionally attuned products were introduced in 1988. Cheeses with low fat content and lower cholesterol have been introduced. Many new products are low in sodium, lactose-free or have less calories than the traditional variety among the cheeses, milk-based products and especially yogurts. As a result, sales have increased in many of these categories.

Balancing out the healthy

These health concerns are very important, but anybody who has spent time in the grocery business, catering to consumer wants, knows that people need to balance out the healthy with the not-so-healthy.

Balancing off that nutritious part of our diet seems to be an indulgent part. If self-indulgence is the mark of the yuppie, then when it comes to food a great many of us were yuppies last year.

In the freezer case premium and super-premium ice creams enjoyed another fine year, mostly at the expense of run-of-the-mill brands. Super-rich, chunky cookies were all the rage in the cracker aisle and candy sales were up slightly, while in the instore bakery rich, cream-laden cakes and pastries competed with oat bran muffins for the department's new product crown.

There probably are no longer "average" consumers, if there really ever were. We don't have the strictly health- and nutrition-driven type, or the type that eats traditional heavy foods, the family that packs a lunch of bologna on white bread with mayo, and has steak and french fries for din- ner every Sunday. There probably also isn't a strictly upscale crowd.

Virtually every consumer today seems to be a mix of these standard types. Some will have a bran muffin for breakfast six days a week, and have a donut or a bagel smothered with cream cheese on Sunday. Another will eat hamburgers and fried foods, but drinks only skim milk. A third buys super-premium ice cream, imported olive oil, frequents the specialty food aisle, but buys generic peanut butter and private-label soft drinks.

It's because of consumer patterns like these that trends tend to be defined only in the most general terms. The operator who can look at his consumer base and pinpoint—or guess—the mystical mix of products that will sell in his area will do the best job in cashing in on these so-called *trends*.

The key to growth of nonfoods sales last year was general merchandise. After a 5.1 percent sales increase in 1987, general merchandise rebounded in 1988 with a sales gain of 12.5 percent.

This growth seems to be a result of retailers fine tuning their product offerings, more stores offering a work- able selection of general merchandise items and more willingness on the part of consumers to purchase more general merchandise items in supermarkets.

Most general merchandise categories enjoyed steady growth in 1988. Audio and video products grew at a rate of 25.0 percent, led by the upsurge in recorded videocassette rentals, and sales of blank video tapes.

Other general merchandise catego- ries that did particularly well in 1988 include electrical appliances (up 13.3 percent), greeting cards (11.3 percent), antifreeze (31.6 percent), periodicals (12.1 percent), sunglasses (16.7 percent), photo supplies and processing (10.0 percent) and stationery supplies (11.1 percent).

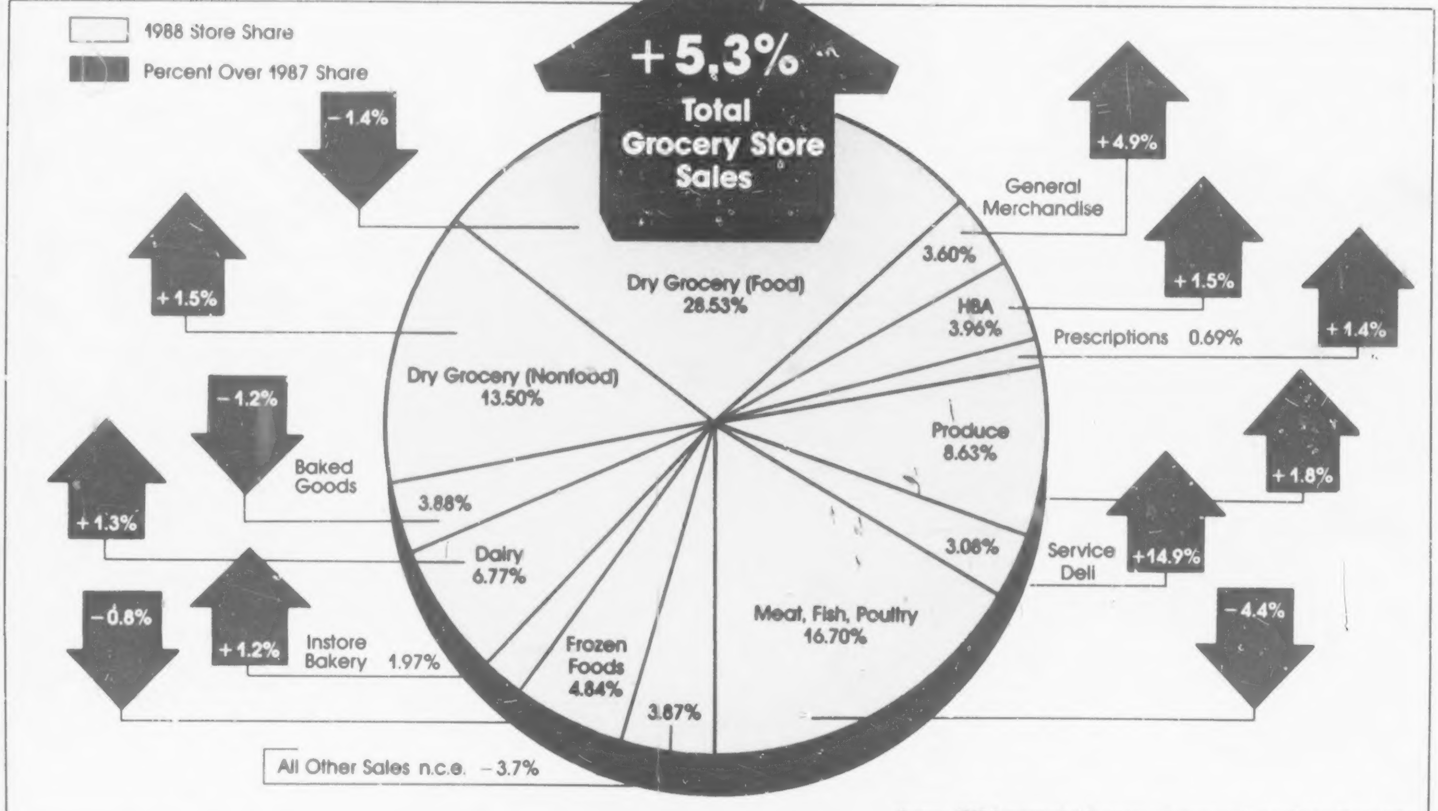
While the miscellaneous general merchandise products, such as tires, major appliances, garden furniture, etc., did enjoy sales increases in those stores that carry them, it is not the addition of these exotic products that spurred general merchandise sales. These products may sell, but their sales are still too thinly placed to affect the department in general.

Stores in 1988, hypermarkets and wholesale clubs not withstanding, tended to limit the number of exotic general merchandise products that they carried. The predominant feeling among retailers seemed to be that maybe tires and appliances were right for some supermarkets, but not for the vast majority.

Along with this line of reasoning,

Continued on page 203

HIGHLIGHTS



Source: 1989 Supermarket Business—Consumer Expenditures Study (CES)

In 1988, some departments saw a negative shift in the amount of total store sales that they generated. The biggest loser was the fresh meat, fish and poultry department, which saw its share of sales drop 4.4% from the 1987 level of 17.44% of sales to just 16.70% in 1988. Similar, although smaller, reverses were suffered by the dry grocery food, frozen food and baked goods sections.

The largest share gains were once again found in the service deli, which increased its share of total store sales 14.9%. The deli now accounts for 3.08% of all grocery sales in the United States. General merchandise was also the recipient of a large sales share gain, increasing its share 4.96%.

The rest of the store departments saw negligible gains in their share of grocery sales. The slowing of share gains for the service departments, bakery, pharmacy and even deli, is an indication that they are approaching their zenith in terms of taking share of total sales away from the larger food sections.

WEEKLY SPENDING IN GROCERY STORES REACHES $65.68 PER HOUSEHOLD, $24.29 PER CAPITA

	1988		1987	
POPULATION	246.0 million		243.1 million	
HOUSEHOLDS	91.1 million		90.8 million	
	ANNUAL	**WEEK**	**ANNUAL**	**WEEK**
PERISHABLES				
Per capita	$ 581.22	$11.17	$ 559.52	$10.76
Per household	$1,571.23	$30.21	$1,496.56	$28.78
DRY GROCERY (FOOD)				
Per capita	$ 353.79	$ 6.80	$ 351.52	$ 6.76
Per household	$ 956.40	$18.39	$ 939.64	$18.07
TOTAL FOODS				
Per capita	$ 935.01	$17.98	$ 911.04	$17.52
Per household	$2,527.63	$48.60	$2,436.20	$46.85
DRY GROCERY (NON-FOOD)				
Per capita	$ 164.26	$ 3.15	$ 161.20	$ 3.10
Per household	$ 444.04	$ 8.53	$ 432.64	$ 8.32
GENERAL MERCHANDISE/HBA				
Per capita	$ 101.08	$ 1.94	$ 97.24	$ 1.87
Per household	$ 273.25	$ 5.25	$ 261.04	$ 5.02
GRAND TOTAL*				
Per capita	$1,263.54	$24.29	$1,214.72	$23.36
Per household	$3,415.72	$65.68	$3,252.08	$62.54

NOTE: Population and household data from U.S. Bureau of the Census. Includes one-person households. Excludes armed forces overseas. Sales figures from 1989 C.E.S.

*Total includes merchandise sale not classified above.

The average household doles out $65.68 each week for items purchased in grocery stores. This represents an increase of $3.14 over the amount spent each week in 1987. An average price increase of 4% helped cause this boost, as did an increase in the number of items purchased through grocery outlets.

HIGHLIGHTS

With an average household spending $65.68 a week for grocery products, there was more money for the different store departments to share in 1988. Sharing may not be the best phrase to describe where the extra money coming into the store went. The bullies of perishables seemed to have grabbed much more than anybody else.

Of the $3.14 increase in weekly household grocery expenditures, the perishable departments took in $1.43, or almost half the total increase. Meats and provisions, and the instore bakery were two departments that were both up over 27% in terms of household spending, while the service deli and the baked goods sections also showed hefty increases in spending over 1987 levels.

HOW AN AVERAGE HOUSEHOLD DOLES OUT ITS DOLLARS IN GROCERY STORES EACH WEEK

	1988	1987	CHANGE
PERISHABLES			
Baked goods	$ 2.55	$ 2.27	+12.3%
Dairy	4.44	4.19	+5.9
Frozen foods	3.18	3.05	+4.2
Fresh meat and provisions	10.96	8.61	+27.2
Fresh fish	0.73	0.77	−5.4
Fresh poultry	1.74	1.63	+6.7
Produce	5.67	5.57	+1.8
Instore bakery	1.29	1.01	+27.7
Instore deli	2.02	1.68	+20.2
Total	**$30.21**	**$28.78**	**+4.9%**
DRY GROCERY (FOOD)			
Beer	$ 2.98	$ 3.03	−1.6%
Wine, liquor, coolers	.63	.66	−4.7
Baby food	.45	.41	+9.7
Breakfast foods	1.43	1.29	+0.8
Candy and chewing gum	.73	.73	0.0
Canned foods			
Fruits	.36	.34	+5.8
Juices and drinks	.83	.76	+9.2
Meat and poultry	.31	.31	0.0
Milk	.07	.08	−4.3
Seafood & fish	.42	.39	+7.6
Soups	.38	.46	−1.0
Vegetables	.65	.64	+1.5
Prepared Drinks	1.56	1.62	−3.8
Dried foods	.61	.57	+7.0
Jams, jellies and preserves	.42	.42	0.0
Pasta	.24	.23	+4.3
Desserts	.12	.12	0.0
Soft drinks	2.10	2.02	+3.9
Sugar	.30	.30	0.0
Miscellaneous	3.80	3.69	+3.0
Total	**$18.39**	**$18.07**	**+1.7%**
Total Foods	**$48.60**	**$46.85**	**+3.7%**
DRY GROCERY (NONFOOD)			
Paper goods	$ 2.30	$ 2.08	+0.5%
Soaps, detergents	1.17	1.15	+1.7
Other household supplies	.88	1.13	−22.0
Pet foods	1.24	1.19	+4.2
Tobacco products	2.94	2.77	+6.1
Total	**$ 8.53**	**$ 8.32**	**+2.5%**
GENERAL MERCHANDISE/HBA			
Health and beauty aids (nonprescription)	$ 2.60	$ 2.44	+6.5%
Prescriptions	.45	.43	+4.6
Housewares	.25	.24	+4.1
All other general merchandise	1.95	1.91	+2.1
Total	**$ 5.25**	**$ 5.02**	**+4.6%**
All other sales n.c.e.	$ 2.54	$ 2.35	+8.0%
GRAND TOTAL	**$65.68**	**$62.54**	**+5.0%**

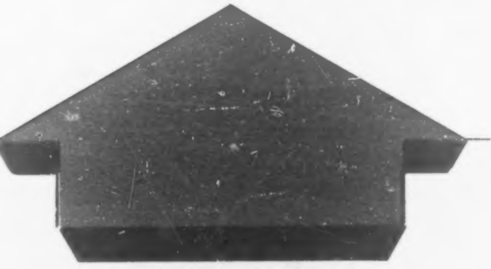
Source: 1989 C.E.S.

Most dry grocery foods items seemed to be either stagnant in the amount of household spending they generated, or actually lost some spending dollars each week. Baby food (+9.7%), canned fish (+7.6%), and dried foods (+7.0%) were the only significant spending gainers. Other categories had slight increases, zero increases, or suffered losses. This is basically the same fate suffered by many dry grocery categories in previous years.

Nonfoods items did not seem to capture the imaginations or wallets of shoppers last year. Most nonfoods items had smaller increases in household spending than perishables items. HBA items and tobacco products led the way, each recording spending increases of slightly over 6%.

The categories hit hardest were the household supplies. Household supplies, with the exception of paper goods, and soaps and detergents, both of which were stagnant, suffered a weekly spending loss of 22%.

HIGHLIGHTS



CATEGORIES THAT INCREASED IN SALES IN 1988

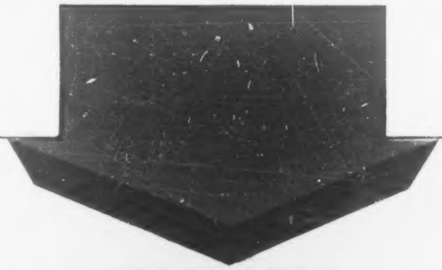
LARGEST PERCENTAGE INCREASES IN DOLLAR SALES

RANK	CATEGORY	1988 GROCERY STORE SALES (000)	% INCREASE	% OF STORE VOLUME
1	Incontinence Products	55,364	45.6	0.03
2	Frozen Sandwiches	148,134	42.3	0.05
3	Video Cassette Rentals	518,645	40.6	0.17
4	Rice and Grain Cakes	73,800	35.3	0.03
5	Aseptic Packaged Juices & Drinks (Concentrate)	70,704	35.2	0.03
6	Antifreeze	106,713	31.6	0.04
7	Condoms	39,170	28.6	0.02
8	Instore Bakery	6,110,000	27.9	1.97
9	Olive Oil	132,921	26.4	0.05
10	Vegetable Juice	308,556	25.8	0.10
11	Frozen Spinach	55,881	25.6	0.02
12	Hot Cereals	568,453	25.6	0.19
13	Other Breakfast Foods	181,322	24.6	0.06
14	Rice	690,092	23.0	0.23
15	Bottled Water	458,341	22.8	0.15
16	Blank Video Cassettes	101,312	22.6	0.04
17	Other Frozen Prepared Foods	34,492	22.6	0.02
18	Poison Ivy Remedies	15,122	21.6	0.01
19	Frozen Raspberries	18,500	20.9	0.01
20	Service Deli	9,560,000	20.8	3.08

LARGEST VOLUME INCREASES IN DOLLAR SALES

RANK	CATEGORY	DOLLAR SALES INCREASE (000)	% INCREASE	% OF STORE VOLUME
1	Service Deli	1,640,000	20.7	3.08
2	Instore Bakery	1,330,000	27.8	1.97
3	Cigarettes	832,889	6.6	4.30
4	Cold Cereals	590,661	11.7	1.82
5	Beer	589,157	4.1	4.79
6	Fresh Poultry	547,759	7.1	2.66
7	Apples	416,752	11.6	0.94
8	Refrigerated Fruit Juices & Drinks	359,472	15.8	0.58
9	Fresh Beef	356,333	1.7	6.86
10	Refrigerated Orange Juice	292,133	17.4	0.64
11	Crackers, Cookies, Biscuits	226,642	5.1	1.51
12	Magazines	175,866	13.9	0.47
13	Garbage Disposal Bags	174,714	17.9	0.32
14	Bananas	164,075	11.2	0.53
15	Yogurt	161,267	8.4	0.67

Last year was one of continuation in product trends. The top 20 sales gainers in terms of percentage included seven categories that were on the list in 1987. Of the top five product categories, three were among the top products the year before. Among the top 20, the only possible "hot fad" category may be frozen sandwiches, but we'll have to wait until next year to see. Antifreeze is interesting; it was the sixth largest percentage gainer in 1988, while in 1987 it was one the year's top losers.



CATEGORIES THAT DECREASED IN SALES IN 1988

LARGEST PERCENTAGE DECREASES IN DOLLAR SALES

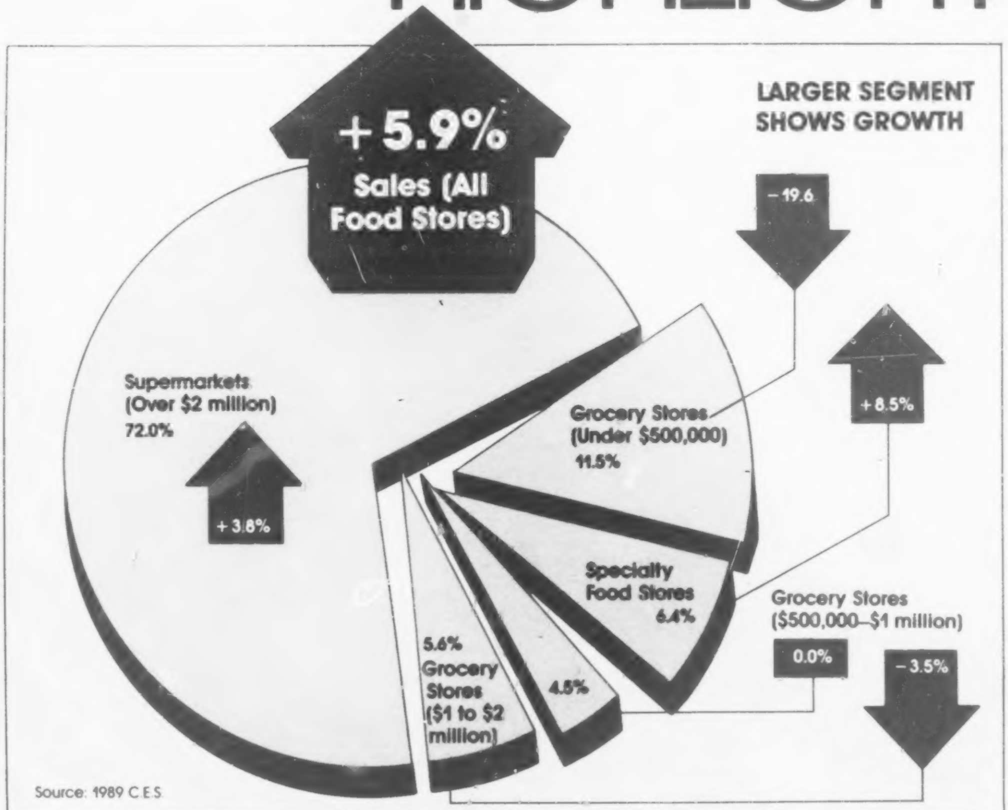
RANK	CATEGORY	1988 GROCERY STORE SALES (000)	% DECREASE	% OF STORE VOLUME
1	Other Dried Fruits	17,625	– 18.3	0.01
2	Alcohol Coolers	665,497	– 17.1	0.22
3	Flash Bulbs and Cubes	23,094	– 14.6	0.01
4	Frostings and Icings	228,777	– 14.0	0.08
5	Lard	40,959	– 12.3	0.02
6	Frozen Fish Sticks	83,984	– 12.2	0.03
7	Paste Floor Wax	2,631	– 11.9	0.01
8	Pesticides (liquid non-aerosol)	33,776	– 11.3	0.10
9	Fresh Potatoes	1,764,600	– 11.1	0.57
10	Fresh Citrus Fruits	2,026,942	– 10.9	0.66
11	Pesticides (aerosol)	169,683	– 10.0	0.06
12	Semi-Moist Pet Food	369,271	– 9.5	0.12
13	Snack Nuts	837,982	– 9.3	0.27
14	Synthetic Orange Drinks	26,318	– 8.7	0.01
15	Chocolate Covered Nuts	33,377	– 8.6	0.02
16	Liquor	280,703	– 7.1	0.10
17	Prepared Food Drinks	87,593	– 5.4	0.03
18	Instant Coffee	1,325,201	– 5.3	0.43
19	Instant Tea	104,341	– 5.3	0.04
20	Breakfast Drink	109,808	– 5.2	0.04
20	Non-Chocolate Bar Candy	221,483	– 5.2	0.08

LARGEST VOLUME DECREASES IN DOLLAR SALES

RANK	CATEGORY	DOLLAR SALES DECREASE (000)	% DECREASE	% OF STORE VOLUME
1	Citrus Fruits	247,965	– 12.2	0.66
2	Potatoes	220,327	– 12.4	0.57
3	Coffee (regular)	183,985	– 5.0	1.18
4	Fresh Fish & Other Seafood	182,456	– 5.2	1.12
5	Other Sausage Products (cooked)	180,759	– 6.2	0.93
6	Packaged Bacon	169,006	– 8.2	0.67
7	Coffee (instant)	74,166	– 5.6	0.43
8	Eggs	45,723	– 2.7	0.54
9	Frozen Pizza	37,051	– 3.5	0.34
10	Butter	25,622	– 3.0	0.28
11	Packaged Cold Cuts	24,579	– 0.7	1.13
12	Cottage & Pot Cheese	17,801	– 3.7	0.16
13	Frozen Fish & Other Seafood	17,744	– 2.4	0.24
14	Cured Ham & Picnics	16,372	– 0.8	0.66
15	Sweet Goods	14,480	– 1.8	0.25

Luckily for the products concerned, the percentage decreases among categories are considerably smaller magnitude than those of the percentage increases. The largest decrease was -18.3% (miscellaneous dried fruit), while percentage increases ran as high as 45.6% (incontinence products). In terms of percentage, or actual dollars, many of the losers included products linked to health issues, such as coffee, lard, butter, eggs, fresh seafood, packaged cold cuts, liquor and pesticides.

HIGHLIGHTS



Source: 1989 C.E.S.

The number of grocery outlets continued to drop in 1988. By year's end there were only 151,500 stores in operation. This was down by almost 2,000 from the previous year. Virtually all these store closings came at the expense of the smallest stores. The "mom and pop" stores, with sales of under $500,000, were responsible for most of the casualties.

Supermarkets continue to dominate the market, accounting for 72% of all industry sales. With stores of all the industry segments getting bigger, the demarcations between them are becoming blurred. The average superette now has sales just shy of the $2 million mark that usually classifies supermarkets, while the average supermarket has sales in excess of $7.8 million.

FOOD STORE SALES—BY STORE VOLUME

	SALES (000)		PERCENT OF VOLUME	
	1988	1987	1988	1987
SUPERMARKETS over $2 million	$238,932,471	$217,649,183	72.0%	69.4%
SUPERETTES $1 million to $2 million	$ 18,683,132	$ 18,152,150	5.6	5.8
OTHER GROCERY STORES under $1 million*	$ 53,215,397	$ 59,271,609	16.0	18.9
Total Grocery Stores	$310,831,000	$295,290,000	93.6	94.1
SPECIALTY FOOD STORES†	$ 21,173,000	$ 18,340,000	6.4	5.9
TOTAL FOOD STORES	$332,004,000	$313,638,000	100.0%	100.0%

*Includes convenience stores and other small grocery stores.
†Includes meat, seafood, fruit and vegetable markets, confectionery, bakery, deli and other food stores.

Source: 1989 C.E.S.

FOOD STORE SALES—BY AFFILIATION

	SALES (000)	PERCENT OF VOLUME
	1988	1988
INDEPENDENT GROCERY STORES	$140,495,612	42.3%
CHAIN GROCERY STORES*	$170,335,388	51.3
Total Grocery Stores	$310,831,000	93.6
SPECIALTY FOOD STORES	$ 21,173,000	6.4
TOTAL FOOD STORES	$332,004,000	100.0%

*Chains (11 or more stores)

Source: 1989 C.E.S.

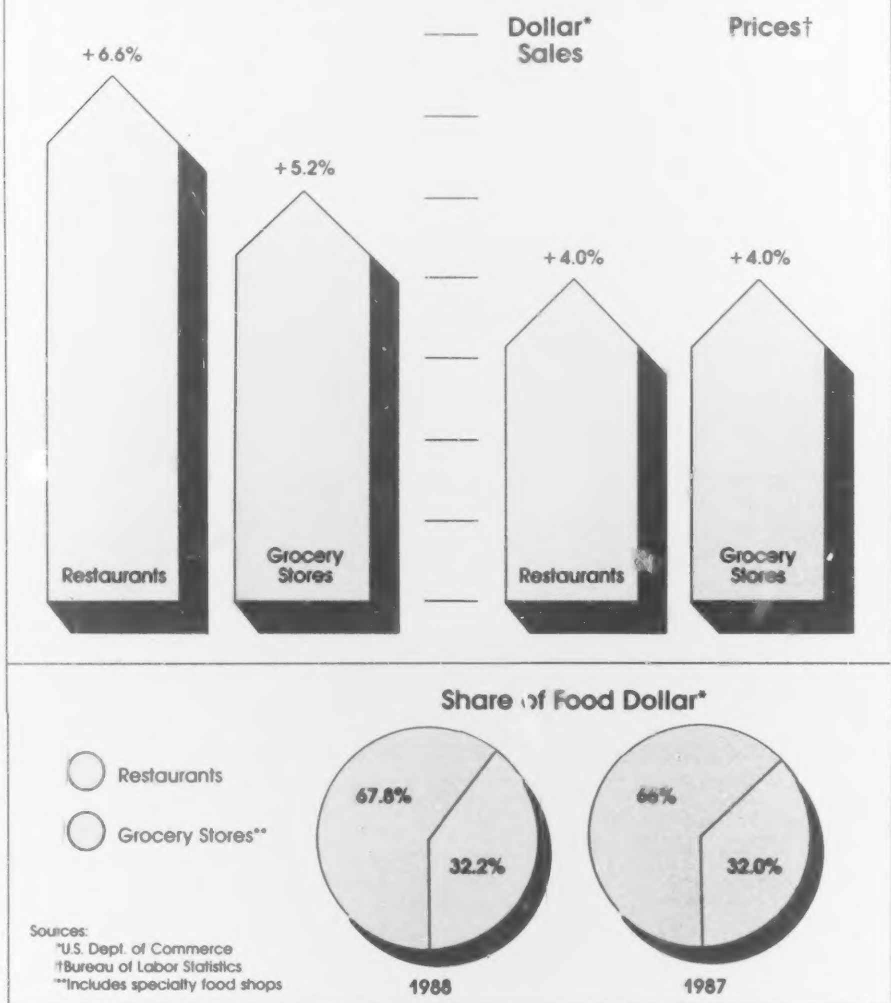
GROCERY STORE SALES TRENDS: 1988*

NUMBER OF GROCERY STORES	151,500
Sales (000)	$310,831,000
Sales per store	$ 2,051,690
U.S. Population	246,000,000
"People" per store	1,624
NUMBER OF GROCERY STORES	
Over $2,000,000	30,500
$1,000,000–$2,000,000	10,400
$500,000–$1,000,000	15,975
$500,000 or more	56,875
All other	94,625
SALES (000)	
Over $2,000,000	$238,932,471
$1,000,000–$2,000,000	18,683,132
$500,000–$1,000,000	15,231,555
$500,000 or more	$272,847,158
All other	$ 37,983,842
SALES PER STORE	
Over $2,000,000	$ 7,833,852
$1,000,000–$2,000,000	$ 1,976,455
$500,000–$1,000,000	$ 953,462
$500,000 or more	$ 10,583,769
All other	$ 401,414
CHAINS (11 OR MORE STORES)	18,120
Total Sales (000)	$170,335,388
Sales per store	$ 9,400,400
% of Total Sales	54.6%
ALL OTHER STORES	133,380
Total Sales (000)	$140,495,612
Sales per store	$ 1,053,348
% of Total Sales	45.2%

*Grocery store sales reported by U.S. Dept. of Commerce.

HIGHLIGHTS

GROCERIES TRAILING THE RACE FOR FOOD DOLLARS



Sources:
*U.S. Dept. of Commerce
†Bureau of Labor Statistics
**Includes specialty food shops

In the ever-tottering seesaw for the U.S. food dollar, restaurants made slight headway over grocers in 1988. Dollar volume growth among restaurants was 6.6%, as opposed to the 5.2% experienced by the grocery industry.

Since both industries had price increases of 4.0% last year, the real growth for restaurants was 2.6%, while real growth for grocery outlets was only 1.2%. As measured against 1987 growth rates, the grocery industry growth was constant and stable, while the restaurant industry really experienced soaring growth. If past patterns hold true, then the seesaw will tip again next year, and grocery growth will again be on top for a year or so.

RANKING OF RETAIL SALES BY TRADE*

	1988 SALES (MILLION)	PERCENT OF TOTAL	CHANGE VS. 1987
ALL RETAIL STORES	**$1,612,614**	**100.0%**	**+6.7%**
Gasoline service stations	107,913	7.0	+4.6
Drug and proprietary stores	60,007	3.7	+7.1
Furnishings, appliances	92,165	5.7	+9.5
Specialty food stores	20,556	1.2	+12.0
Liquor stores	19,189	1.2	−1.6
All other retail stores	135,584	8.5	+7.5
General merchandise group	183,687	11.4	+4.4
Grocery stores	**310,831**	**19.2**	**+5.2**
Apparel group	83,494	5.1	+5.6
Eating and drinking establishments	157,392	9.7	+6.6
Motor vehicle dealers	357,570	22.1	+9.4
Building supply, hardware stores	84,226	5.2	+8.0

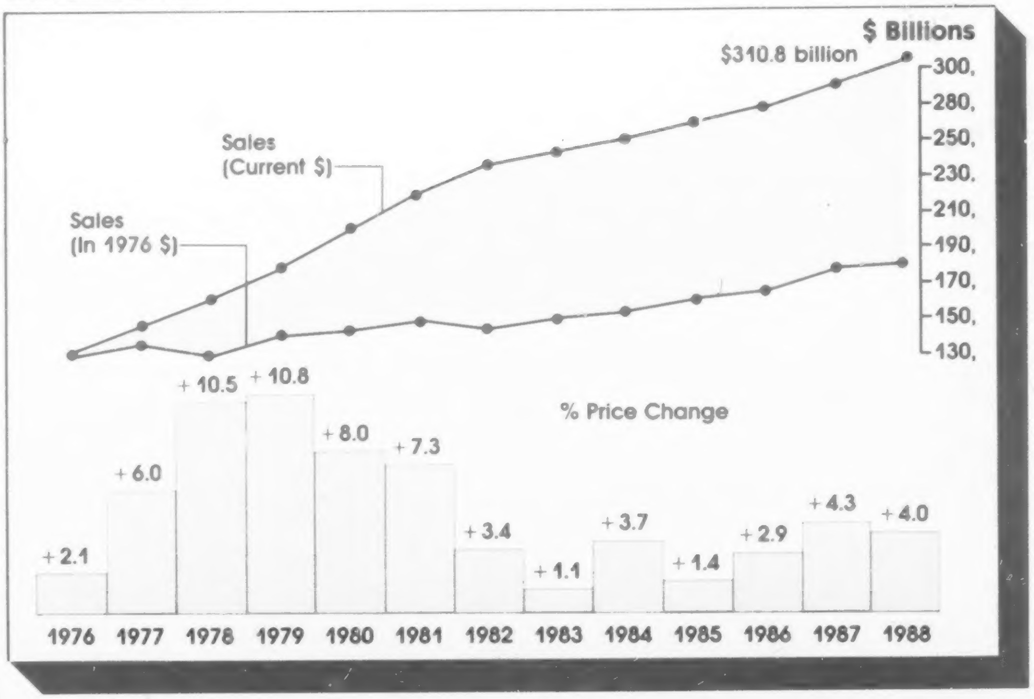
*Source: U.S. Dept. of Commerce

Grocery sales again seem to be right about in the middle in terms of growth levels for retail industries. One that bears watching is the specialty food industry. That's because its sales were up 12% last year, compared with a gain of only 1.2% the year before.

It is also worth watching because it's a partner and competitor to the grocery industry. Increases in sales of specialty stores are usually taken at the expense of grocery sales, while to the smart operator their increased popularity can be incorporated into the specialty food and service areas of the supermarket.

HIGHLIGHTS

SALES GROWTH



From a 1975 sales base of $129.2 billion, sales increased more than 250% to $310.8 billion in 1988. During this 13-year period, prices skyrocketed 80.3%. Despite these price increases, sales still went up by more than 33% during this time period.

CHANGES IN CONSUMER PRICE INDEX 1988-87 FOR SUPERMARKET PRODUCTS*

	Percent Change	
	1987	1988
FOOD	+ 4.2	+ 4.1
Food away from home	+ 4.0	+ 4.1
Food at home	+ 4.3	+ 4.0
Food and beverages	+ 4.2	+ 4.1
CEREALS & BAKERY	+ 4.6	+ 6.4
Bread, white	+ 4.9	+ 7.1
Other bread	+ 1.3	+ 6.0
Cookies	+ 5.2	+ 5.1
Cakes, cupcakes	+ 4.8	+ 5.9
Flour, prepared mixes	+ 4.2	+ 2.7
FRESH BEEF & VEAL	+ 4.7	+ 5.5
Sirloin steak	+ 8.8	+ 8.0
Hamburger	+ 2.5	+ 3.2
Chuck roast	+ 3.8	+ 4.3
PORK	− 1.5	− 3.0
Chops	− 3.3	− 1.3
Bacon	− 6.8	− 12.0
Sausage	+ 1.3	− 2.2
OTHER MEATS	+ 3.0	+ 2.6
Frankfurters	+ 2.7	+ 2.9
Bologna, liverwurst, salami	+ 2.5	+ 2.9
Lamb	− 1.4	+ 4.3
POULTRY	− 5.9	+ 7.3
Fresh whole chicken	− 9.7	+ 10.3
Fresh & frozen chicken parts	− 5.8	+ 7.7
Other poultry	− 4.9	+ 6.4
FISH & SEAFOOD	+ 8.4	+ 5.9
Canned fish	+ 10.8	+ 12.4
Fresh & frozen fish and seafood	+ 7.7	+ 4.1
DAIRY PRODUCTS	+ 2.0	+ 2.3
Fresh whole milk	+ 1.8	+ 2.3
Butter	+ 0.9	− 0.4
Eggs	− 10.6	+ 2.2
Cheese	+ 2.6	+ 2.9
Ice cream & related products	+ 1.9	+ 2.1
Other dairy products	+ 0.9	+ 3.0
FRESH FRUITS & VEGETABLES	+ 10.3	+ 7.4
Apples	− 11.6	+ 2.8
Bananas	+ 6.3	+ 14.3
Oranges	+ 7.2	+ 6.4
Potatoes	− 1.7	+ 3.0
Lettuce	128.9	+ 8.5
Tomatoes	+ 10.1	+ 5.5
PROCESSED FRUITS	+ 6.7	+ 10.3
Frozen fruit & fruit juices	+ 7.6	+ 12.0
Other fruit juices	+ 4.8	− 7.1
Canned & dried fruits	+ 3.4	+ 3.6
PROCESSED VEGETABLES	+ 0.9	− 4.8
Frozen vegetables	+ 1.6	+ 5.0
Cut corn & canned beans except lima	+ 1.6	+ 7.5
Other processed vegetables	− 0.4	+ 4.5
SUGAR & SWEETS	+ 1.7	+ 2.7
Candy & chewing gum	+ 2.0	+ 2.8
Sugar & artificial sweeteners	+ 1.0	+ 3.1
Other sweets	+ 1.5	+ 3.2
FATS & OILS	0.0	− 4.7
Margarine	− 1.0	+ 7.4
Other fats, oils & salad dressings	+ 1.3	− 6.7
Nondairy substitutes & peanut butter	+ 0.2	+ 0.0
BEVERAGES	− 4.0	+ 0.0
Cola drinks	− 0.7	+ 0.1
Carbonated drinks	− 0.9	+ 0.2
Other noncarbonated drinks	+ 1.4	+ 2.0
Roasted coffee	− 12.3	− 0.6
Freeze-dried instant coffee	− 8.1	− 2.3
ALCOHOLIC BEVERAGES	+ 3.0	+ 3.9
Beer & ale	+ 1.6	+ 3.2
Distilled Spirits	+ 0.9	+ 1.5
Wine	+ 2.1	+ 2.0
OTHER PREPARED FOODS	+ 3.9	+ 3.7
Canned, packaged soup	+ 5.1	+ 4.0
Frozen prepared foods	+ 5.2	+ 3.8
Snacks	+ 4.1	+ 3.0
Seasonings, olives, pickles, relish	+ 2.8	+ 2.8
HOUSEKEEPING SUPPLIES	+ 2.9	+ 2.9
Soaps & detergents	+ 3.6	+ 2.7
Other laundry, cleaning products	+ 4.1	+ 2.8
Paper towels, napkins, tissues	+ 1.8	+ 3.8
TOBACCO PRODUCTS	+ 8.6	+ 9.1
Cigarettes	+ 8.8	+ 9.2
Other tobacco products & accessories	+ 5.1	+ 9.1
HEALTH & BEAUTY AIDS	—	—
Prescriptions	+ 9.0	+ 7.8
Hair products	+ 0.6	+ 2.5
Dental & shaving products	+ 0.6	+ 3.9
Cosmetic, bath & nail products, manicure & eye makeup implements	+ 1.0	+ 3.4
Other toilet goods	+ 0.9	+ 3.0
GENERAL MERCHANDISE	—	—
Newspapers	+ 4.3	+ 4.5
Stationery & supplies	+ 1.7	+ 2.2
Magazines, books	+ 2.5	+ 3.6
Photo supplies	+ 4.8	+ 4.7
Motor oil, coolant & other products	+ 0.3	+ 3.5

*Source: Bureau of Labor Statistics, Consumer Price Index, January 1989

SUMMARY

(add 000 to all dollar figures)	1988 1 Value of Total Retail Sales (all outlets)	1988 2 Amount Spent in Grocery Stores	1988 3 % of Total Store	1988 4 % Gro. to Total	1988 5 Percentage Change from '87 to '88 Total[1]	1988 5 Percentage Change from '87 to '88 Grocery	1988 Supermarket Performance 6 Amount Spent in Supermarkets	1988 Supermarket Performance 7 % of Total Supermarket	1988 Supermarket Performance 8 $ Margin	1988 Supermarket Performance 9 % Margin
PERISHABLES	$210,565,455	$142,678,499	45.90	68	3.5	4.6	$114,818,751	48.25	$29,508,419	25.7
Baked Goods	18,922,384	12,042,070	3.88	64	2.3	4.2	8,345,728	3.51	1,744,257	20.9
Instore Bakery	6,110,000	6,110,000	1.97	100	27.9	27.9	6,110,000	2.57	3,354,390	54.9
Dairy	38,563,527	21,016,197	6.77	54	2.3	4.0	14,867,701	6.25	3,092,482	20.8
Fresh & Cured Meat, Fish & Poultry	77,097,529	52,113,797	16.70	67	1.5	1.2	41,691,038	17.52	7,879,606	18.9
Frozen Foods	20,078,529	15,034,848	4.84	75	3.0	4.2	12,803,014	5.38	3,136,738	24.5
Produce	40,233,486	26,801,587	8.63	67	1.4	3.3	21,441,270	9.01	7,032,737	32.8
Service Deli	9,560,000	9,560,000	3.08	100	20.8	20.8	9,560,000	4.02	4,263,760	44.6
DRY GROCERY (FOOD)	135,379,883	88,677,964	28.53	66	2.6	3.7	65,154,247	27.00	12,509,615	19.2
Baby Foods	2,433,338	2,119,016	0.69	87	9.4	10.0	1,529,493	0.65	107,064	7.0
Baking Needs	2,793,518	2,520,736	0.82	90	−2.1	−2.0	1,839,519	0.78	364,224	19.8
Beer, Wine & Liquor	39,001,797	17,820,744	5.74	46	0.1	2.4	12,059,210	5.07	2,074,184	17.2
Breakfast Foods	6,926,063	6,777,666	2.19	98	11.8	12.3	5,132,589	2.16	759,623	14.8
Candy & Chewing Gum	10,052,994	3,472,487	1.12	34	1.4	1.5	2,691,833	1.14	888,305	33.0
Canned & Bottled Juices & Drinks	4,607,225	3,939,472	1.27	85	10.4	10.1	2,757,630	1.15	650,801	23.6
Canned & Dry Soups	2,386,471	2,260,267	0.73	95	3.6	4.0	1,720,254	0.73	278,681	16.2
Canned Fish & Other Canned Seafood	2,222,418	1,976,878	0.64	89	5.5	6.0	1,514,954	0.64	210,579	13.9
Canned Fruits	1,949,920	1,686,600	0.55	86	5.6	5.8	1,223,637	0.52	287,555	23.5
Canned Meat & Specialty Foods	1,897,371	1,459,633	0.47	77	−1.9	0.2	1,031,203	0.44	248,520	24.1
Canned Milk	411,779	370,287	0.12	90	−2.1	−0.3	281,418	0.12	23,358	8.3
Canned Prepared Food	1,935,327	1,800,114	0.58	93	7.4	7.6	1,422,092	0.60	344,146	24.2
Canned Vegetables	3,455,183	3,056,973	0.99	88	2.6	2.7	2,395,706	1.01	500,702	20.9
Condiments, Dressings, Spreads, Relishes	7,446,529	5,987,509	1.93	80	4.3	4.4	4,650,216	1.96	985,846	21.2
Desserts	643,995	563,470	0.19	87	0.2	0.2	432,884	0.19	86,577	20.0
Dried Foods	3,556,326	2,893,178	0.94	81	7.8	7.9	2,159,724	0.91	460,021	21.3
Fats & Shortenings	1,842,708	1,518,638	0.49	82	4.7	5.5	1,161,791	0.49	213,769	18.4
Jams, Jellies, Preserves	2,485,303	2,014,308	0.65	81	2.1	2.4	1,384,506	0.59	257,518	18.6
Pasta	1,616,427	1,167,052	0.38	72	12.0	11.3	875,269	0.37	229,326	26.2
Prepared Drinks	9,368,369	7,404,194	2.39	79	−3.6	−3.3	5,450,877	2.30	1,057,470	19.4
Snacks	8,640,033	5,616,310	1.81	65	1.2	1.9	3,590,225	1.51	893,966	24.9
Soft Drinks	16,868,144	9,955,554	3.21	59	3.4	4.3	8,218,556	3.46	1,627,274	19.8
Sweeteners, Flavors	2,818,645	2,296,878	0.74	81	2.0	2.1	1,630,641	0.69	247,857	15.2
Total Foods	$345,945,338	$231,356,463	74.43	67	3.4	4.5	$179,579,998	75.10	$42,380,879	23.6

HOW TO USE THESE CHARTS

1 This column shows total retail sales of a product line or category through all outlets. The value of a product is computed as if the product were sold at grocery store prices. Example: Total Retail Sales of Baked Goods = $18,922,384.

2 This column shows the amount actually spent in grocery stores for each product line or category. Grocery stores are defined as retail outlets doing a major portion of their business in dry groceries. Example: Total Grocery Sales of Baked Goods = $12,042,070.

3 This column shows the percentage of the total grocery store volume that is contributed by each product line or category. Example: 3.88% of the Total Grocery Store Sales come from the sale of Baked Goods.

4 This column shows the share of the total sales of a product line or category that is sold through grocery stores. Example: 64% of the Total Sales of Baked Goods come from grocery sales.

5 These columns show the year-to-year increase or decrease in total and grocery sales for each product line or category. Example: Total Sales of Baked Goods rose 2.3% and Grocery Store Sales of Baked Goods rose 4.2%.

6 This column shows a breakout from column 2 of the amount of sales of a product line or category coming from supermarkets. Supermarkets are defined as grocery stores with annual sales of over $2 million. Example: Supermarket Sales of Baked Goods were $8,345,728 in 1988.

7 This column shows the percentage of the total supermarket volume that is contributed by each product line or category. Example: 3.51% of the Total Supermarket Sales come from the sale of Baked Goods.

8 This column shows the difference between the cost of an item and its retail price. Example: There was a difference of $1,744,257 between the cost to a supermarket for Baked Goods and their retail sales in 1988.

9 This column takes the dollar margin from column 8 and expresses it as a percentage. Example: There was a difference of 20.9% between the cost of Baked Goods and their supermarket retail in 1988.

— Not available

ND— No data available

[1] Supermarket margins based on totals excluding Prescriptions

SUMMARY

(add 000 to all dollar figures)	1988						1988 Supermarket Performance			
	1	2	3	4	5		6	7	8	9
	Value of Total Retail Sales (all outlets)	Amount Spent in Grocery Stores	% of Total Store	% Gro. to Total	Percentage Change from '87 to '88		Amount Spent in Supermarkets	% of Total Supermarket	$ Margin	% Margin
					Total	Grocery				
DRY GROCERY (NON-FOOD)	$64,531,194	$41,943,273	13.50	65	6.1	4.8	$30,477,084	12.80	$5,150,627	16.9
Home Canning Supplies	113,840	91,748	0.03	80	−0.5	−0.6	76,151	0.04	17,439	22.9
Laundry Supplies	1,685,767	1,555,149	0.51	92	5.2	5.3	1,126,063	0.48	186,926	16.6
Soaps & Detergents	6,077,576	5,539,983	1.79	91	1.9	2.0	4,234,666	1.78	575,915	13.6
Other Cleaners, Cleansers & Supplies	3,395,348	2,180,055	0.71	64	4.2	4.7	1,543,093	0.65	416,635	27.0
Paper, Plastic, Foil Products	13,766,921	10,884,391	3.51	79	8.9	5.8	8,284,982	3.49	1,317,312	15.9
Pesticides	509,547	308,177	0.10	60	−1.0	−5.4	234,215	0.10	61,130	26.1
Waxes & Polishes	388,616	301,903	0.10	78	−0.8	−0.7	209,726	0.09	47,817	22.8
Other Household Supplies	2,745,052	1,300,328	0.42	47	1.7	0.5	696,052	0.30	224,129	32.2
Pet Foods	6,374,669	5,843,627	1.89	92	3.9	3.4	4,221,281	1.78	776,716	18.4
Tobacco Products	29,473,858	13,937,912	4.49	47	7.3	6.5	9,850,855	4.14	1,487,479	15.1
HEALTH & BEAUTY AIDS (NON-Rx)	34,360,370	12,305,923	3.96	36	6.2	5.8	9,160,327	3.85	2,335,883	25.5
Cosmetics	5,142,306	676,659	0.22	13	8.2	8.6	503,709	0.22	163,705	32.5
Dieting Aids	467,064	221,361	0.08	47	5.1	4.7	88,544	0.04	22,224	25.1
Family Planning	573,423	77,575	0.03	13	14.3	28.0	69,788	0.03	29,660	42.5
Feminine Hygiene Products	1,711,640	991,189	0.32	58	−0.3	−3.1	864,995	0.37	172,134	19.9
Hair Products	4,325,531	1,699,487	0.55	39	4.9	4.7	1,556,716	0.66	[illegible],674	29.4
Health Aids	1,162,939	537,343	0.18	46	3.9	4.2	424,089	0.18	130,619	30.8
Nail Care Products	587,483	112,401	0.04	19	2.2	3.3	88,797	0.04	28,504	32.1
Oral Hygiene	2,707,452	1,484,730	0.48	55	5.6	6.5	1,293,459	0.55	232,823	18.0
Packaged Medications	8,413,043	2,915,883	0.94	35	8.5	12.9	2,381,465	1.01	600,129	25.2
Personal Cleanliness Products	214,568	49,218	0.02	23	5.6	5.5	44,961	0.02	11,195	24.9
Personal Deodorants, Antiperspirants	1,242,616	686,313	0.23	55	6.8	5.1	610,819	0.26	142,321	23.3
Shaving Products	1,861,974	632,748	0.21	34	3.8	6.7	502,083	0.22	139,077	27.7
Skin Care Products	1,945,339	491,952	0.16	25	8.5	9.1	390,824	0.17	97,706	25.1
Vitamins & Tonics	1,606,346	617,314	0.20	38	3.1	5.7	506,197	0.22	167,045	33.0
Other HBA	2,398,646	1,111,750	0.36	46	3.7	4.3	444,700	0.19	121,403	27.3
PRESCRIPTIONS	23,400,000	2,132,785	0.69	9	3.8	6.1	2,132,785	0.90	—	—
GENERAL MERCHANDISE	nd	11,466,007	3.60	—	—	12.5	9,918,817	4.17	3,025,239	30.5
Audio & Video	9,551,666	890,200	0.29	9	0.9	25.0	543,022	0.23	208,520	38.4
Auto Supplies	2,185,817	390,162	0.13	18	12.0	0.8	343,343	0.15	73,132	21.3
Electrical Appliances	nd	227,358	0.08	—	—	13.3	211,443	0.09	67,662	32.0
Flashlights and Batteries	3,152,945	58[illegible],784	0.19	19	7.0	4.9	524,018	0.23	204,891	39.1
Greeting Cards	4,439,842	559,191	0.18	13	10.1	11.3	542,415	0.23	277,174	51.1
Hardware	nd	245,358	0.08	—	—	0.8	237,997	0.10	87,583	36.8
Housewares	4,952,249	1,200,590	0.39	24	4.0	7.2	1,772,728	0.75	742,773	41.9
Other Housewares	nd	626,965	0.21	—	—	5.7	—	—	—	—
Periodicals	10,955,188	1,844,072	0.60	17	6.4	12.1	1,493,698	0.63	428,691	28.7
Other Merchandise	4,341,615	532,278	0.16	12	5.4	9.3	410,508	0.18	177,339	43.2
Pet Accessories	1,626,522	436,496	0.15	27	2.2	0.3	423,401	0.18	157,505	37.3
Photo Supplies & Processing	8,539,680	1,188,266	0.39	14	7.6	10.0	1,093,205	0.46	245,971	22.5
Stationery	724,579	144,497	0.05	20	12.0	11.1	122,822	0.06	43,725	35.6
Toys	13,502,778	286,277	0.10	2	5.8	3.1	229,022	0.10	88,631	38.7
Underwear & Hosiery	5,952,616	1,026,903	0.34	17	4.5	3.0	815,487	0.35	283,789	34.8
Writing Implements	967,086	111,228	0.04	11	1.7	−0.3	80,084	0.04	32,594	40.7
Other General Merchandise	nd	1,167,382	0.39	—	—	nc	1,155,708	0.49	346,712	30.0
Total Foods & Non-Foods*	**nd**	**299,104,451**	**96.14**	—	—	**5.2**	**231,662,011**	**96.96**	**57,683,841**	**24.9**
Sales NCE	**nd**	**11,726,549**	**3.87**	—	—	**nc**	**7,270,460**	**3.06**	**1,352,306**	**18.6**
GRAND TOTAL*	nd	$310,831,000	100.00	—	—	5.3	$238,932,471	100.00	$59,255,253	24.8

— Not available. ND— No data available NCE—Not classified elsewhere NC—Not comparable

*Supermarket margins based on totals excluding Prescriptions

PERISHABLES

(add 000 to all dollar figures)	1988										1987			
	Value[1] of Total Retail Sales (all outlets)	Amount Spent in Grocery Stores[2]	% of Total Store	% Gro.[2] to Total	Percentage[3] Change from '87 to '88 Total[1]	Percentage[3] Change from '87 to '88 Grocery[2]	Amount Spent in Supermarkets	% of Total Supermarket	$ Margin	% Margin	Value[1] of Total Retail Sales (all outlets)	Amount Spent in Grocery Stores[2]	% of Total Store	% Gro.[2] to Total
Baked Goods	$18,922,384	$12,042,070	3.88	64	2.3	4.2	$8,345,728	3.51	$1,744,257	20.9	$18,488,159*	$11,560,737*	3.93	63
Bread & Rolls	10,417,336	6,439,299	2.08	62	2.2	2.3	4,829,474	2.03	970,724	20.1	10,194,477	6,292,857	2.13	62
Rolls, Bread Type[4]	1,443,722	416,243	0.14	29	2.9	3.8					1,403,034	401,005	0.13	29
Variety Bread	1,942,819	855,486	0.28	44	2.7	3.0					1,891,742	830,569	0.28	44
White Bread	7,030,795	5,167,570	1.67	73	1.9	2.1					6,899,701	5,061,283	1.71	73
Crackers, Cookies, Biscuits	5,073,968	4,670,604	1.51	92	4.6	5.1	3,362,835	1.42	760,001	22.6	4,850,830	4,443,962	1.50	93
Bread & Cracker Crumbs	74,131	59,247	0.02	80	1.2	0.8	49,175	0.03	10,179	20.7	75,031	59,725	0.02	80
Croutons	43,877	29,027	0.01	66	6.9	7.8	25,544	0.02	5,313	20.8	41,045	26,927	0.00	66
Rice & Grain Cakes	134,182	73,800	0.03	55	22.6	35.3	43,572	0.02	8,889	20.4	95,806	52,693	—	—
Sweet Goods	3,178,890	770,093	0.25	24	1.6	1.8	549,201	0.24	119,726	21.8	3,230,970	784,573	0.26	24
Cakes & Pastry	2,150,616	468,278	0.16	22	1.5	3.2					2,183,366	483,758	0.16	22
Doughnuts	563,935	201,339	0.07	36	1.8	0.6					574,272	200,138	0.06	35
Pies	464,329	100,476	0.04	22	1.9	0.2					475,332	100,677	0.03	29
Instore Bakery	6,110,000	6,110,000	1.97	100	27.9	27.9	6,110,000	2.57	3,354,390	54.9	4,780,000	4,780,000	1.61	100
Dairy	38,563,527	21,016,197	6.77	54	2.3	4.0	14,867,701	6.25	3,092,482	20.8	37,708,557*	20,201,633*	6.68	53
Cheese	6,634,028	4,851,669	1.57	73	3.2	3.0	3,881,277	1.64	1,047,945	27.0	6,425,545*	4,712,572*	1.43	73
Cottage & Pot Cheese	665,082	476,682	0.16	72	4.3	3.6	343,211	0.15	57,659	16.8	694,966	494,483	0.16	71
Cream Cheese	650,405	481,300	0.16	74	3.9	4.2	385,040	0.17	79,318	20.6	625,039	461,085	—	—
Natural Cheese[5]	3,262,348	1,903,848	0.62	58	4.6	4.1	1,561,155	0.66	434,001	27.8	3,118,880	1,828,865	0.61	59
Processed Cheese[6]	2,056,193	1,989,839	0.65	97	3.5	3.2	1,591,871	0.67	456,867	28.7	1,986,660	1,928,139	0.65	97
Eggs	5,113,768	1,647,726	0.54	[illegible]	2.8	2.7	1,038,067	0.44	177,509	17.1	5,261,078	1,693,449	0.57	32
Milk & Milk Products	18,852,764	7,428,484	2.39	39	0.7	0.9	4,856,076	2.05	713,843	14.7	18,720,782	7,359,748	2.49	39
Butter	1,679,509	860,769	0.28	51	4.1	3.0	680,008	0.29	127,841	18.8	1,751,313	887,391	0.30	51
Fresh Cream	405,899	226,001	0.08	56	1.8	0.9	171,761	0.08	36,242	21.1	398,722	223,985	0.07	56
Fresh Milk	16,697,663	6,277,232	2.02	36	1.2	1.5					16,501,607	6,184,465	2.09	37
For Home Consumption	*10,481,393*	*6,277,232*	*2.02*	*60*	*1.3*	*1.5*	*3,954,656*	*1.67*	*537,833*	*13.6*	*10,346,884*	*6,184,465*	*2.09*	*60*
Other Milk	*6,216,270*	—	—	—	*1.0*						*6,154,723*			
Refrigerated Toppings	69,693	64,482	0.03	93	0.8	0.9	49,651	0.03	10,327	20.8	69,140	63,907	0.02	92
Yogurt	2,431,562	2,081,107	0.67	86	7.6	8.4	1,477,586	0.63	364,964	24.7	2,259,816	1,919,840	0.65	85
Margarine	1,942,207	1,641,749	0.53	84	5.2	6.7	1,198,477	0.51	260,069	21.7	1,846,204	1,538,659	0.52	83
Refrigerated Juices/Drinks	2,482,287	2,402,367	0.78	97	15.5	15.9	1,657,633	0.07	391,201	23.6	2,149,118	2,072,895	0.70	96
Apple Juice	75,121	72,067	0.03	96	13.5	14.3					66,186	63,051	0.02	95
Grapefruit Juice	161,399	150,201	0.05	93	5.6	5.9					152,840	141,833	0.04	93
Orange Flavored Drinks	136,318	128,846	0.05	94	8.6	9.2					125,523	117,991	0.03	91
Orange Juice	2,026,464	1,971,060	0.64	97	17.1	17.4					1,730,541	1,678,927	0.56	97
Other Fruit Juices & Drinks	82,985	80,193	0.03	97	12.1	12.8					74,028	71,093	0.02	96
Refrigerated Dough Products	731,140	701,928	0.23	96	7.1	7.3	547,504	0.24	152,206	27.8	682,670	654,173	0.22	96
Refrigerated Dips	90,964	81,194	0.03	89	3.0	3.3	64,955	0.03	18,057	20.8	88,315	78,600	0.02	89
Refrigerated Puddings	68,716	61,436	0.02	89	9.6	10.1	49,149	0.03	10,174	20.7	62,697	55,800	0.01	89
Refrigerated Fish Appetizers	31,274	29,060	0.01	93	0.5	0.3	23,248	0.01	6,881	29.6	31,431	29,147	0.00	93
Refrigerated Pickles/Relishes	169,984	76,945	0.03	45	0.9	1.0	62,325	0.02	19,258	30.9	168,468	76,183	0.02	45
Refrigerated Salads	14,833	12,532	0.01	84	19.3	18.6	11,404	0.01	3,740	32.8	12,433	10,567	0.00	85
Frozen Foods	20,078,529	15,034,848	4.84	75	3.0	4.2	12,803,014	5.38	3,136,738	24.5	19,438,004	14,426,726	4.88	74
Frozen Baked Goods	1,368,565	1,251,880	0.41	91	6.0	6.6	1,081,591	0.46	281,214	26.0	1,290,573	1,174,501	0.39	91
Frozen Bagels	174,129	168,676	0.06	97	15.4	16.8	145,061	0.07	40,327	27.8	150,892	144,414	0.04	96
Frozen Breads & Rolls	398,582	356,322	0.12	89	8.1	8.9	302,874	0.13	83,896	27.7	368,716	327,201	0.11	89

WHAT THE NUMBERS MEAN

[1] All consumption—all retail sales, not including products sold through restaurants and institutions that have been altered by the seller. Excluding those portions of a commodity which are used commercially as an ingredient in another product.

[2] Refers to grocery stores and includes supermarkets. Excluded from this column (but included in the first column) are sales by such specialty food stores as delicatessens, dairy stores, bakeries, meat markets, confectionery stores, fruit and vegetable markets, egg dealers, drug stores, and newsstands.

[3] Decreases are shown by minus signs. Other figures represent increases. Comparisons to 1987 are based solely on the item categories which were reported in both the 1987 and 1988 studies.

[4] Includes bagels, onion rolls, etc.

[5] Includes cheddar, colby, brick, foreign types.

[6] Includes cheese food and cheese spreads.

— Not applicable

* Represents a revision of the 1987 figures, due to the inclusion of new items within the categories.

PERISHABLES

CONTINUED

(add 000 to all dollar figures)	1988										1987			
	Value[1] c. Total Retail Sales (all outlets)	Amount Spent in Grocery Stores[2]	% of Total Store	% Gro.[2] to Total	Percentage[3] Change from '87 to '88		Amount Spent in Supermarkets	% of Total Supermarket	$ Margin	% Margin	Value[1] of Total Retail Sales (all outlets)	Amount Spent in Grocery Stores[2]	% of Total Store	% Gro.[2] to Total
					Total[1]	Grocery[2]								
Frozen Cakes & Pastries	435,978	405,693	0.14	93	2.6	2.8	357,010	0.16	89,252	25.0	424,930	394,643	0.13	93
Frozen Pies	359,876	321,189	0.11	89	4.0	4.3	282,646	0.12	70,944	25.1	346,035	308,243	0.10	89
Frozen Breakfast Entrees	571,217	546,279	0.18	96	16.4	16.8	513,502	0.22	126,321	24.6	490,697	467,666	0.15	95
French Toast, Pancakes	86,210	82,572	0.03	96	14.2	15.0					75,490	71,802	0.02	95
Waffles	297,803	282,385	0.10	95	12.6	12.8					264,479	250,341	0.08	95
Other Breakfast	187,204	181,322	0.06	97	24.2	24.6					150,728	145,523	0.04	97
Ice Cream	5,094,680	1,818,035	0.59	36	-0.5	2.7	1,218,083	0.52	243,617	20.0	5,121,904	1,770,887	0.59	35
Bulk Ice Cream[7]	766,025	—	—	—	-1.0	—					773,763			
Packaged Ice Cream	2,724,328	1,818,035	0.59	42	0.0	2.7					2,724,328	1,770,887	0.59	41
Specialty Ice Cream	1,604,327				-1.2						1,623,813			
Frozen Coffee Creamer	48,146	44,145	0.02	92	2.8	3.2	32,377	0.02	8,839	27.3	46,835	42,776	0.01	91
Frozen Toppings	191,626	179,334	0.06	94	3.9	4.7	154,227	0.07	36,089	23.4	184,433	171,284	0.05	93
Frozen Meat, Fish, Poultry	3,631,293	3,068,759	0.99	84	0.8	-0.3	2,731,304	1.15	745,646	27.3	3,660,119	3,077,872	1.04	84
Fish & Other Seafood	960,476	716,917	0.24	75	-3.6	-2.4	630,247	0.27	181,511	28.8	996,496	734,661	0.24	74
Frozen Fish Sticks	*105,499*	*83,984*	*0.03*	*80*	*-12.8*	*-12.2*	*75,586*	*0.04*	*19,199*	*25.4*	*120,985*	*95,654*	*0.03*	*79*
Frozen Shrimp	*311,013*	*231,935*	*0.08*	*74*	*3.5*	*3.0*	*201,783*	*0.09*	*53,472*	*26.5*	*300,496*	*225,180*	*0.07*	*75*
Other Frozen Fish/Seafood	*543,964*	*400,998*	*0.13*	*74*	*-5.4*	*-3.1*	*352,878*	*0.15*	*109,745*	*31.1*	*575,015*	*413,827*	*0.14*	*72*
Frozen Meat	407,429	197,943	0.07	48	-4.6	-4.1	184,087	0.08	52,649	28.6	427,074	206,406	0.06	48
Frozen Poultry	2,263,388	2,153,899	0.70	95	1.2	0.8	1,916,970	0.81	511,831	26.7	2,236,549	2,136,805	0.72	96
Frozen Prepared Foods	4,222,282	4,129,296	1.33	98	3.1	3.1	3,459,419	1.46	812,963	23.5	4,091,308	4,004,938	1.35	98
Frozen Dinners/Entrees	1,904,163	1,902,335	0.62	99	4.1	4.1	1,674,055	0.71	373,314	22.3	1,829,167	1,827,411	0.61	99
Frozen Meat Pies	240,292	224,335	0.08	93	1.8	2.0	210,875	0.09	52,086	24.7	236,043	219,936	0.09	93
Frozen Pizza	1,058,487	1,052,679	0.34	99	-3.7	-3.4	926,358	0.39	219,547	23.7	1,099,156	1,089,730	0.36	99
Frozen Poultry Pies	242,680	226,659	0.08	93	6.3	6.7		See meat pies			228,297	212,426	0.07	93
Frozen Oriental	144,615	142,393	0.05	98	-9.2	-8.8	126,730	0.06	34,597	27.3	159,268	156,133	0.05	98
Frozen Mexican	407,224	398,269	0.13	98	8.1	8.5	362,516	0.16	88,816	24.5	376,710	367,058	0.12	97
Frozen Sandwiches	189,248	148,134	0.05	78	41.8	42.3	128,877	0.06	34,152	26.5	133,461	104,100	0.03	78
Other Frozen Prepared Foods	35,573	34,492	0.02	97	21.8	22.6	30,008	0.02	8,312	27.7	29,206	28,134	0.00	96
Frozen Fruits[8]	131,909	123,318	0.04	93	-1.3	-1.2	107,287	0.05	29,718	27.7	133,624	124,791	0.04	93
Blueberries	17,288	15,775	0.01	91	9.1	9.5					15,846	14,406	0.00	91
Raspberries	19,886	18,500	0.01	93	20.6	20.9					16,489	15,302	0.00	93
Strawberries	57,082	54,358	0.02	95	3.3	2.9					59,030	55,981	0.01	95
Other Frozen Fruits	37,653	34,683	0.02	92	-11.9	-11.9					42,259	39,102	0.01	93
Frozen Fruit Juice Concentrates	1,545,573	1,415,677	0.46	92	5.2	5.5	1,313,551	0.56	311,312	23.7	1,468,706	1,342,057	0.45	91
Apple Juice	135,968	125,493	0.05	92	3.3	3.4		See other			131,624	121,369	0.04	92
Grape Juice	108,195	98,755	0.04	91	14.6	14.9					94,411	85,949	0.02	91
Grapefruit Juice	19,679	17,138	0.01	87	-2.9	-2.7					20,867	17,614	0.00	87
Orange Juice	1,235,264	1,129,206	0.37	91	4.5	4.6	1,061,457	0.45	251,565	23.7	1,182,071	1,079,547	0.38	91
Other Fruit Concentrates	46,467	45,085	0.02	97	15.2	15.3	252,094	0.11	60,503	24.0	40,336	37,580	0.01	93
Frozen Fruit Drinks	147,735	136,476	0.05	92	1.0	1.2	118,734	0.05	30,990	26.1	146,297	134,871	0.04	92
Lemonade Bases	57,453	53,384	0.02	93	6.4	6.5					53,997	50,126	0.01	93
Regular Orange	13,391	12,094	0.01	90	0.6	0.9					13,311	11,986	0.00	90
Synthetic Orange	29,065	26,318	0.01	90	-8.8	-8.7					31,870	28,826	0.00	90
Other Fruit Drinks	47,826	44,680	0.02	93	1.5	1.7					47,119	43,933	0.01	93
Frozen Vegetables	3,125,503	2,321,649	0.75	74	9.5	9.8	2,072,939	0.88	534,818	25.8	2,853,505	2,115,083	0.71	74
Asparagus	67,371	47,053	0.02	70	2.6	2.7					65,664	46,816	0.01	70
Broccoli	151,800	107,183	0.04	71	9.4	9.6					138,7[illegible]7	97,795	0.03	70
Cauliflower	33,322	23,597	0.01	71	-4.1	-4.2					34,747	24,362	0.00	70
Corn	212,848	147,231	0.05	69	5.3	5.5					202,135	139,555	0.04	69
French Fried Potatoes	923,576	748,771	0.25	81	8.5	8.8	628,968	0.27	162,903	25.9	851,222	688,209	0.23	81
Green Beans	102,419	75,548	0.03	74	10.3	10.7					92,855	68,246	0.02	73
Green Peas	167,600	118,345	0.04	71	7.8	7.9					155,473	109,680	0.03	71
Lima Beans	58,766	38,610	0.02	66	9.4	9.6					53,717	35,228	0.01	66
Onion Products	53,533	37,973	0.02	71	1.4	1.8					52,794	37,302	0.01	71
Other Potato Products	105,901	76,907	0.03	73	5.1	5.3	67,678	0.03	18,070	26.7	100,762	73,036	0.02	72
Spinach	78,651	55,881	0.02	71	25.5	25.6					62,670	44,491	0.01	71
Vegetable Combinations & Sauce	856,068	621,663	0.21	73	15.6	15.8					740,543	536,842	0.18	72
Other Frozen Vegetables	313,646	222,887	0.08	71	3.8	3.9	1,376,293	0.58	353,707	25.7	302,166	214,521	0.07	71
Fresh & Cured Meat, Fish & Poultry	**77,097,529**	**52,113,797**	**16.70**	**67**	**1.5**	**1.2**	**41,691,038**	**17.52**	**7,870,686**	**18.9**	**75,976,985**	**51,585,829**	**17.44**	**68**
Fresh Fish & Other Seafood	3,981,257	3,466,669	1.12	87	-4.6	-5.0					4,173,225	3,649,125	1.23	87
Fresh Meat	43,586,518	27,074,087	8.72	62	2.0	2.2					42,733,858	26,499,349	8.97	62
Beef	35,157,536	21,317,120	6.86	61	1.6	1.7					34,603,874	20,760,787	7.09	61
Lamb	1,230,137	1,092,113	0.36	89	5.1	5.3					1,170,444	1,037,144	0.35	88
Pork	6,280,631	4,089,137	1.32	65	3.2	3.4					6,085,583	3,954,670	1.33	65

---

[7] Grocery store sales are mainly packaged ice cream and specialties, and a negligible amount of bulk ice cream.

[8] Consumer size packages for home use.

—Not applicable.

PERISHABLES

CONTINUED

(add 000 to all dollar figures)	1988 Value[1] of Total Retail Sales (all outlets)	1988 Amount Spent in Grocery Stores[2]	1988 % of Total Store	1988 % Gro.[2] to Total	1988 Percentage[3] Change from '87 to '88 Total[1]	1988 Percentage[3] Change from '87 to '88 Grocery[2]	1988 Amount Spent in Supermarkets	1988 % of Total Supermarket	1988 $ Margin	1988 % Margin	1987 Value[1] of Total Retail Sales (all outlets)	1987 Amount Spent in Grocery Stores[2]	1987 % of Total Store	1987 % Gro.[2] to Total
Veal	918,214	575,717	0.19	63	5.1	5.3					873,657	546,740	0.18	65
Fresh Poultry	12,815,204	8,262,672	2.66	64	7.5	7.1					11,921,120	7,714,913	2.61	65
Packaged Meats	16,714,550	13,310,369	4.29	80	2.5	2.4					17,148,782	13,642,442	4.61	80
Cured Ham & Picnics	2,545,895	2,030,153	0.66	80	0.9	0.8					2,569,016	2,064,525	0.69	80
Frankfurters	2,150,436	1,674,099	0.54	78	1.3	1.4					2,122,839	1,650,985	0.55	78
Packaged Bacon	2,494,181	2,054,758	[illegible]67	82	7.7	7.6					2,702,255	2,223,764	0.75	82
Packaged Cold Cuts	4,395,070	3,486,777	[illegible]13	79	0.8	0.7					4,430,514	3,511,356	1.18	79
Sausages (Uncooked)	1,496,762	1,181,622	0.39	79	2.8	3.1					1,455,994	1,146,093	0.38	79
Other Sausage Products	3,632,206	2,882,960	0.93	79	6.1	5.9					3,868,164	3,063,719	1.03	79
Service Deli	9,560,000	9,560,000	3.08	100	20.8	20.8	9,560,000	4.02	4,263,760	44.6	7,920,000	7,920,000	2.68	100
Produce	40,233,486	26,801,587	8.63	67	1.4	3.3	21,441,270	9.01	7,032,737	32.8	39,071,449	25,960,341	8.79	66
Fresh Vegetables	25,527,284	15,338,455	4.94	60	2.5	2.5					24,928,140	14,974,546	5.07	60
Carrots	546,947	386,863	0.13	71	1.1	1.3					540,996	381,898	0.12	71
Celery	775,450	508,021	0.17	66	5.1	5.1					737,821	483,369	0.16	66
Corn	616,447	343,735	0.12	56	8.5	8.7					568,154	316,224	0.10	56
Lettuce	2,851,701	1,866,918	0.61	65	8.3	8.4					2,633,150	1,722,249	0.56	65
Mushrooms	642,219	440,216	0.15	68	5.9	5.8					606,250	416,083	0.14	69
Onions	1,084,266	622,303	0.21	57	6.6	6.3					1,017,135	585,421	0.19	58
Potatoes	2,920,385	1,764,600	0.57	60	11.3	11.1					3,292,430	1,984,927	0.67	60
Tomatoes	2,818,098	1,646,764	0.53	58	8.0	8.2					2,609,350	1,521,963	0.51	58
Other Fresh Vegetables	13,271,771	7,759,035	2.50	58	2.7	2.6					12,922,854	7,562,412	2.56	59
Fresh Fruits	13,627,955	11,162,498	3.60	82	3.7	4.3					13,147,610	10,704,501	3.62	81
Apples	3,244,737	2,912,271	0.94	90	15.6	16.7					2,806,866	2,495,519	0.84	89
Bananas	2,019,626	1,629,028	0.53	81	11.1	11.2					1,817,845	1,464,953	0.49	81
Citrus Fruits	2,438,028	2,02[illegible],942	0.66	83	10.8	10.9					2,733,215	2,274,907	0.77	83
Other Fresh Fruits	5,925,564	4,594,257	1.48	77	2.4	2.8					5,789,684	4,469,122	1.51	77
Floral	763,163	104,183	0.04	14	7.6	10.6					709,259	94,198	[illegible].03	13
Wild Bird Seed[9]	315,084	196,451	0.07	62	10.0	5.0					286,440	187,096	0.06	65
Total Perishables	$210,565,455	$142,578,499	45.98	68	3.5	4.6	$114,818,751	48.25	$29,508,419	25.7	$203,496,573*	$136,496,588*	46.83	67

DRY GROCERY—FOOD

(add 000 to all dollar figures)	1988 Value[1] of Total Retail Sales (all outlets)	1988 Amount Spent in Grocery Stores[2]	1988 % of Total Store	1988 % Gro.[2] to Total	1988 Percentage[3] Change from '87 to '88 Total[1]	1988 Percentage[3] Change from '87 to '88 Grocery[2]	1988 Amount Spent in Supermarkets	1988 % of Total Supermarket	1988 $ Margin	1988 % Margin	1987 Value[1] of Total Retail Sales (all outlets)	1987 Amount Spent in Grocery Stores[2]	1987 % of Total Store	1987 % Gro.[2] to Total
Baby Foods	$2,433,338	$2,119,016	0.69	87	9.4	10.0	$1,529,493	0.65	$107,064	7.0	$2,225,638	$1,927,850	0.65	87
Desserts	77,024	64,076	0.03	83	11.0	10.9	45,494	0.02	3,412	7.5	69,391	57,778	0.02	83
Fruits & Juices	415,380	378,027	0.13	91	11.7	12.0	268,399	0.12	23,082	8.6	371,871	337,871	0.11	91
Meat & Combinations	299,846	258,006	0.09	86	9.9	11.2	183,184	0.08	16,120	8.8	272,835	232,020	0.07	85
Vegetables	125,475	106,782	0.04	85	13.9	14.1	75,815	0.04	7,429	9.8	110,162	93,586	0.03	85
Infant Cereals	74,974	63,841	0.03	85	10.3	10.4	45,327	0.02	4,940	10.9	67,810	57,827	0.02	85
Infant Formulas	1,440,639	1,248,284	0.41	87	8.1	8.7	911,274	0.39	51,942	5.7	1,333,569	1,149,115	0.38	86
Hypoallergenic Formulas	*368,710*	*319,647*	*0.11*	*87*	*9.9*	*10.2*					*335,496*	*290,061*	*0.10*	*86*
Routine Formulas	*1,071,929*	*928,637*	*0.33*	*87*	*7.4*	*8.1*					*998,072*	*859,054*	*0.2[illegible]*	*86*
Baking Needs	2,793,518	2,520,736	0.82	90	-2.1	-2.0	1,839,519	0.78	364,224	19.8	2,855,225**	2,574,609	0.87	91
Baking Chocolate & Bits	379,374	361,807	0.12	95	-3.6	-3.3	264,119	0.12	54,144	20.5	393,541	374,154	0.13	95
Baking Powder	21,949	19,759	0.01	90	4.4	4.4	14,424	0.01	2,726	18.9	21,024	18,926	0.01	90
Baking Soda	15,157	12,580	0.01	83	2.3	2.4	9,183	0.01	2,029	22.1	14,816	12,285	0.00	83
Yeast	49,404	46,983	0.02	95	3.2	3.5	34,767	0.15	6,431	18.5	47,872	45,384	0.01	95
Baking Nuts	350,321	278,091	0.09	79	-3.8	-4.1	203,006	0.09	58,059	28.6	364,411	290,129	0.10	80
Shelled Walnuts	*235,967*	*186,324*	*0.06*	*79*	*-4.7*	*-4.8*					*247,604*	*195,719*	*0.07*	*79*
Other Baking Nuts	*114,354*	*91,767*	*0.03*	*80*	*-2.1*	*-2.8*					*116,807*	*94,41[illegible]*	*0.03*	*81*
Flour	1,977,313	1,801,516	0.58	91	-1.8	-1.7	1,314,020	0.56	241,779	18.4	2,013,561	1,833,721	0.62	92
Cake Flour	*11,370*	*10,320*	*0.01*	*91*	*-0.9*	*-0.6*	*7,740*	*0.01*	*1,099*	*14.2*	*11,473*	*10,382*	*0.09*	*90*
Corn Meal	*145,088*	*120,986*	*0.04*	*83*	*1.9*	*2.7*	*88,320*	*0.04*	*18,635*	*21.1*	*142,383*	*117,805*	*0.04*	*83*
Family Flour	*524,382*	*435,033*	*0.14*	*83*	*3.5*	*3.8*	*317,574*	*0.14*	*41,602*	*13.1*	*506,649*	*419,707*	*0.14*	*83*
Pancake & Waffle Mix	*139,119*	*129,379*	*0.05*	*93*	*0.6*	*0.8*	*93,153*	*0.04*	*18,351*	*19.7*	*138,289*	*120,352*	*0.04*	*93*

[9] Includes packaged, bulk, and bells

** Represents a revision of the 1987 figures previously published

* Represents a revision of the 1987 figures, due to the inclusion of new items within the categories

DRY GROCERY—FOOD

CONTINUED

(add 000 to all dollar figures)	1988										1987		
	Value[1] of Total Retail Sales (all outlets)	Amount Spent in Grocery Stores[2]	% of Total Store	% Gro.[2] to Total	Percentage[3] Change from '87 to '88 Total[1]	Percentage[3] Change from '87 to '88 Grocery[2]	Amount Spent in Supermarkets	% of Total Supermarket	$ Margin	% Margin	Value[1] of Total Retail Sales (all outlets)	Amount Spent in Grocery Stores[2]	% of Total Store
Prepared Mixes	*1,157,354*	*1,105,798*	*0.36*	*95*	*-4.7*	*-4.5*	*807,233*	*0.34*	*161,447*	*20.0*	*1,214,767****	*1,158,075*	*0.39*
Cake Mixes	525,420	504,882	0.17	96	-3.6	-3.3					545,042	522,112	0.18
Frostings, Icings, Fudge	240,720	228,777	0.08	95	-14.2	-14.0					280,560	266,020	0.09
Pie Crust Mixes	63,932	61,546	0.02	96	8.8	9.0					58,761	56,464	0.02
Pizza Pie Mixes	90,047	86,937	0.03	96	3.4	3.1					87,086	84,323	0.03
Other Prepared Mixes	237,235	223,656	0.08	94	-2.5	-2.4					243,318	229,156	0.08
Beer, Wine & Liquor	39,001,797	17,820,744	5.74	46	0.1	2.4	12,059,210	5.07	2,074,184	17.2	38,988,866	17,404,346	5.89
Beer for Home Consumption	21,047,230	14,884,071	4.79	71	4.6	4.2	10,121,168	4.26	1,346,115	13.3	20,124,448	14,294,914	4.84
Imported Beer	*1,074,723*	*768,821*	*0.25*	*71*	*2.5*	*2.7*					*1,048,510*	*748,609*	*0.25*
Domestic Beer	*19,972,507*	*14,115,250*	*4.55*	*71*	*4.7*	*4.2*					*19,075,938*	*13,5[illegible]3,305*	*4.59*
Liquor	10,679,881	280,703	0.10	3	-5.3	-7.1	258,247	0.11	101,749	39.4	11,277,593	302,156	0.10
Wine	6,293,107	1,990,473	0.65	32	1.8	0.7	1,293,807	0.55	437,307	33.8	6,408,459	2,004,505	0.68
Alcohol Coolers[10]	981,579	665,497	0.22	68	-16.7	-17.1	385,988	0.17	89,935	23.3	1,178,366	802,771	0.27
Breakfast Foods	6,926,063	6,777,666	2.19	98	11.8	12.3	5,132,589	2.16	759,623	14.8	6,195,463	6,038,748**	2.06
Cold Cereals	5,709,025	5,639,047	1.82	99	11.2	11.7	4,229,285	1.78	583,641	13.8	5,134,015	5,048,386	1.71
Hominy Grits	88,237	78,687	0.03	89	3.1	3.4	61,376	0.03	12,214	19.9	85,584	76,100	0.03
Hot Cereals	619,658	568,453	0.19	92	24.1	25.0	437,709	0.19	73,973	16.9	499,316	454,762	0.15
Cereal Bars	359,910	349,534	0.12	97	3.0	3.2	300,599	0.13	64,026	21.3	349,427	338,696	0.13
Toaster Pastries	149,240	141,945	0.05	95	17.4	17.5	103,620	0.05	21,657	20.9	127,121	120,804	0.04
Candy & Chewing Gum	10,058,584	3,472,487	1.12	34	1.4	1.5	2,691,833	1.14	888,305	33.0	9,922,669	3,422,831	1.16
Bar Candy	3,428,576	1,087,422	0.35	32	0.9	0.7	1,753,085	0.74	550,469	31.8	3,460,944	1,095,263	0.37
Chocolate	*2,744,560*	*865,939*	*0.28*	*31*	*0.3*	*0.5*					*2,736,351*	*861,631*	*0.29*
Non-Chocolate	*684,016*	*221,483*	*0.08*	*32*	*5.6*	*5.2*					*724,593*	*233,632*	*0.08*
Packaged Chocolate	297,250	132,025	0.05	44	3.7	3.5					308,715	136,957	0.04
Chocolate Covered Creams	*144,463*	*65,642*	*0.03*	*45*	*2.9*	*2.8*					*148,778*	*67,533*	*0.02*
Chocolate Covered Fruits	*78,494*	*33,006*	*0.02*	*42*	*0.6*	*0.3*					*78,026*	*32,907*	*0.01*
Chocolate Covered Nuts	*74,293*	*33,377*	*0.02*	*45*	*9.3*	*8.6*					*81,911*	*36,517*	*0.01*
Packaged Candy Covered Chocolate	385,685	201,494	0.07	52	0.8	1.2					388,795	203,941	0.07
Bulk Candy	737,019	470,771	0.16	64	2.4	2.5					719,745	459,289	0.16
Packaged Soft Candy	117,847	62,178	0.03	53	1.5	1.9					119,642	63,382	0.02
Packaged Hard Candy	314,561	177,134	0.06	56	1.8	2.2					320,327	181,119	0.06
Hard Roll Candy	147,556	70,751	0.03	48	5.2	4.7					140,262	67,575	0.02
Diet Candy, Gum, Mints	23,043	17,320	0.01	75	11.1	10.8					20,741	15,632	0.01
Breath Fresheners	238,260	115,346	0.04	48	13.6	13.3	76,128	0.04	26,112	34.3	209,736	101,806	0.03
Marshmallows	93,987	82,806	0.03	88	9.8	10.3	56,308	0.03	17,230	30.6	85,598	75,073	0.02
Chewing Gum	1,885,830	847,806	0.28	45	3.8	3.6	652,811	0.28	238,276	36.5	1,818,369	818,827	0.28
Sugared	*1,193,389*	*536,508*	*0.18*	*45*	*3.6*	*3.5*					*1,151,920*	*518,365*	*0.18*
Sugarless	*692,441*	*311,298*	*0.11*	*45*	*3.9*	*3.8*		—			*666,449*	*299,902*	*0.10*
Other Candy	2,383,380	207,434	0.07	9	2.3	1.7	153,501	0.07			2,329,795	203,967	0.07
Canned Fish & Canned Seafood	2,222,418	1,976,878	0.64	89	5.5	6.0	1,514,954	0.64	210,579	13.9	2,108,295	1,865,434	0.63
Canned Salmon	347,588	257,231	0.09	74	-4.0	-3.9	198,068	0.09	37,237	18.8	362,071	267,670	0.09
Canned Sardines	109,894	104,320	0.04	95	-2.1	-1.8	81,370	0.04	16,437	20.2	112,251	106,232	0.04
Canned Tuna	1,682,635	1,551,588	0.50	92	8.6	8.8	1,194,723	0.51	145,756	12.2	1,549,388	1,426,092	0.48
Other Canned Fish & Seafood	82,301	63,739	0.03	77	-2.7	-2.6	40,793	0.02	9,872	24.2	84,585	65,440	0.02
Canned Fruits	1,949,920	1,686,600	0.55	86	5.6	5.8	1,223,637	0.52	287,555	23.5	1,848,122	1,594,271	0.54
Applesauce	333,025	294,603	0.10	88	16.1	16.3	218,006	0.10	56,027	25.7	286,843	253,313	0.09
Apricots	30,900	27,767	0.01	90	12.3	12.3	20,270	0.01	4,662	23.0	27,516	24,726	0.01
Citrus	62,554	55,481	0.02	89	5.4	5.6	42,166	0.02	12,312	29.2	59,349	52,538	0.02
Cranberries	106,064	95,135	0.04	90	-0.1	0.0	80,865	0.04	16,658	20.6	106,170	95,135	0.03
Fruit Cocktail	307,419	264,036	0.09	86	7.7	7.8	184,825	0.08	40,107	21.7	285,440	244,931	0.08
Peaches	376,838	325,310	0.11	86	5.0	5.3	214,705	0.10	48,309	22.5	358,893	308,936	0.10
Pears	179,944	152,974	0.05	85	6.8	6.9	120,849	0.06	26,103	21.6	168,437	143,100	0.05
Pineapple	247,450	209,478	0.07	85	3.0	3.3	161,298	0.07	41,131	25.5	240,243	202,786	0.07
Other Canned Fruit	305,726	261,816	0.09	86	-3.0	-2.6	180,653	0.08	42,453	23.5	315,181	268,805	0.09
Canned & Bottled Juices & Drinks[11]	4,607,225	3,939,472	1.27	85	10.4	10.1	2,757,636	1.15	650,801	23.6	4,176,585	3,578,584	1.21
Apple Cider & Juice	851,480	788,188	0.26	92	8.1	8.2	567,495	0.24	130,524	23.0	787,678	728,455	0.25
Cranberry Juice	336,586	322,318	0.11	96	3.7	4.6	302,979	0.13	62,717	20.7	324,577	308,143	0.10
Grape Juice	146,611	135,955	0.05	93	8.5	8.6	107,404	0.05	24,488	22.8	135,125	125,188	0.04
Grapefruit Juice	173,388	145,412	0.05	84	-4.0	3.9	114,875	0.05	22,975	20.0	180,612	151,313	0.05
Nectars	59,643	56,428	0.02	95	3.0	3.1	42,885	0.02	9,778	22.8	57,906	54,371	0.02
Orange Juice	112,569	89,431	0.03	79	8.3	8.8	67,968	0.03	16,788	24.7	103,942	82,196	0.03
Pineapple Juice	99,599	93,451	0.04	94	3.3	-3.2	70,088	0.03	16,541	23.6	102,998	96,540	0.03
Prune Juice	137,288	118,347	0.04	86	2.3	2.4	87,577	0.04	18,654	21.3	134,201	115,573	0.04
Other Fruit Juices	38,198	29,436	0.01	77	9.4	9.8	22,980	0.01	6,865	29.9	34,916	26,808	0.01
Vegetable Juice[12]	351,980	308,550	0.10	88	24.2	25.8	249,930	0.11	47,987	19.2	283,380	225,275	0.08
Fruit Drinks	1,493,870	1,273,540	0.41	85	11.5	11.8	784,124	0.05	20,533	21.1	1,338,794	1,139,123	0.38
Aseptic Juices & Drinks	721,305	507,706	0.17	70	14.3	12.0	284,315	0.12	72,785	25.6	631,063	453,308	0.15
Aseptic Packed Juice & Drink Concentrates	84,719	70,704	0.03	83	40.3	35.2	62,220	0.03	14,185	22.8	60,384	52,296	0.01

---

[10] Includes wine and malt-based coolers

[11] Full strength and concentrated juices, non-carbonated

[12] Chiefly tomato juice

** Represents a revision of the 1987 figures previously published

DRY GROCERY—FOOD

CONTINUED

(add 000 to all dollar figures)	1988										1987			
	Value[1] of Total Retail Sales (all outlets)	Amount Spent in Grocery Stores[2]	% of Total Store	% Gro.[2] to Total	Percentage[3] Change from '87 to '88 Total[1]	Percentage[3] Change from '87 to '88 Grocery[2]	Amount Spent in Supermarkets	% of Total Supermarket	$ Margin	% Margin	Value[1] of Total Retail Sales (all outlets)	Amount Spent in Grocery Stores[2]	% of Total Store	% Gro.[2] to Total
Canned Meats & Specialty Foods	1,897,371	1,459,633	0.47	77	1.9	0.2	1,031,203	0.44	248,520	24.1	1,903,365	1,456,136	0.49	77
Beef Hash	113,562	89,330	0.03	79	10.1	10.3	65,211	0.03	14,086	21.6	103,144	80,988	0.03	79
Corned Beef	76,654	70,309	0.03	92	8.2	8.9	51,326	0.03	12,626	24.6	70,845	64,563	0.02	91
Ham	308,706	265,497	0.09	86	4.9	4.6	164,608	0.07	48,065	29.2	324,612	278,299	0.09	86
Lunch Meats	193,708	166,511	0.06	86	2.0	1.5	123,218	0.06	18,976	15.4	189,910	164,050	0.06	86
Meat Spreads	91,539	81,418	0.03	89	1.5	4.2	60,249	0.03	11,809	19.6	92,933	84,987	0.03	91
Poultry	157,669	146,029	0.05	93	16.7	16.9	97,839	0.05	17,122	17.5	135,106	124,918	0.04	92
Sausages & Frankfurters	163,615	145,973	0.05	89	0.0	0.1	107,719	0.05	28,761	26.7	163,615	145,827	0.05	89
Other Canned Meats	791,918	494,566	0.16	62	3.8	3.5	361,033	0.16	93,146	25.8	823,200	512,504	0.17	62
Canned Milk	411,779	370,287	0.12	90	2.1	0.3	281,418	0.12	23,358	8.3	420,640	371,347	0.13	88
Condensed Milk	26,541	16,295	0.01	61	13.0	11.0					23,488	14,860	0.00	63
Evaporated Milk	385,238	353,992	0.12	92	3.0	0.7					397,153	356,487	0.12	90
Canned Prepared Food	1,935,327	1,800,114	0.58	93	7.4	7.6	1,422,092	0.60	344,146	24.2	1,801,797	1,673,233	0.56	93
Chili	323,721	283,740	0.10	88	2.8	3.0	224,155	0.10	40,348	18.0	314,904	275,476	0.09	87
Meat Stew	173,733	155,064	0.05	89	6.0	6.5	122,501	0.06	24,500	20.3	163,899	145,600	0.05	89
Mexican Food	632,883	593,706	0.20	94	11.1	11.2	469,028	0.20	130,859	27.9	569,652	533,908	0.18	94
Oriental Food	261,111	251,059	0.09	96	2.1	2.2	198,337	0.09	59,699	30.1	255,740	245,655	0.08	96
Pasta	543,879	516,545	0.17	95	9.3	9.3	408,071	0.18	88,551	21.7	497,602	472,594	0.16	95
Canned & Dry Soup	2,386,471	2,260,267	0.73	95	3.6	4.0	1,720,254	0.73	278,681	16.2	2,302,835	2,174,182	0.73	94
Canned Soup	1,911,220	1,818,521	0.59	95	3.2	3.5	1,363,891	0.58	196,400	14.4	1,852,833	1,756,725	0.59	95
Condensed Soup	*1,299,347*	*1,235,753*	*0.40*	95	*3.8*	*4.2*					*1,251,779*	*1,185,943*	*0.40*	95
Single Strength Soup	*611,873*	*582,768*	*0.19*	95	*1.8*	*2.1*					*601,054*	*570,782*	*0.19*	95
Dry Soup Mixes	397,448	368,383	0.12	93	5.1	5.3	302,074	0.13	70,383	23.3	378,162	349,841	0.12	93
Instant Bouillon & Cubes	77,803	73,363	0.03	94	8.3	8.5	54,289	0.03	11,889	21.9	71,840	67,016	0.02	94
Canned Vegetables	3,455,183	3,056,973	0.99	88	2.6	2.7	2,395,706	1.01	500,702	20.9	3,368,471	2,976,986**	1.02	90
Asparagus	94,832	84,988	0.03	90	0.0	0.0	69,690	0.03	16,447	23.6	94,832	84,988	0.03	90
Beans (Waxed & Green)	417,638	374,381	0.13	90	8.2	8.6	299,505	0.13	63,195	21.1	385,987	344,734	0.12	89
Beans with Pork or Sauce[13]	459,773	421,082	0.14	91	5.5	5.6	315,812	0.14	56,530	17.9	435,804	398,752	0.13	91
Beets	82,513	73,922	0.03	89	2.0	2.1	59,138	0.03	12,951	21.9	80,895	72,402	0.02	90
Corn	570,794	510,942	0.17	89	2.9	3.0	413,863	0.18	95,602	23.1	554,708	496,060	0.17	89
Mushrooms	233,536	209,717	0.07	90	1.9	2.0	165,676	0.07	40,756	24.6	238,059	213,997	0.07	90
Peas	311,147	276,402	0.09	89	4.1	4.0	201,773	0.09	46,004	22.8	324,449	287,919	0.10	89
Potatoes	120,311	103,360	0.04	86	2.0	2.1	62,016	0.03	13,705	22.1	117,952	101,234	0.03	86
Sauerkraut	73,758	67,030	0.03	91	1.0	1.1	52,283	0.02	11,241	21.5	73,028	66,301	0.02	91
Tomatoes	416,617	359,153	0.12	86	4.6	5.1	298,097	0.13	63,196	21.2	398,295	341,725	0.11	86
Tomato Sauce	381,515	327,242	0.11	86	1.9	1.5	261,794	0.11	46,076	17.6	374,401	322,406	0.11	86
Tomato Paste	185,538	158,188	0.06	85	0.4	0.3	131,296	0.06	21,007	16.0	186,283	158,664	0.05	86
Tomato Puree	58,628	49,836	0.02	85	2.5	2.3	42,361	0.02	8,811	20.8	57,198	48,716	0.02	85
Other Canned Vegetables	48,583	40,730	0.02	84	4.3	4.2	22,402	0.01	4,794	21.4	46,580	39,088	0.01	84
Condiments, Dressings, Spreads, Relishes	7,446,529	5,987,509	1.93	80	4.3	4.4	4,650,216	1.96	985,846	21.2	7,140,268	5,736,642	1.94	80
Condiments	2,350,964	1,867,034	0.61	79	3.0	2.8	1,429,520	0.61	230,153	16.1	2,283,370	1,817,086	0.62	80
Barbeque Sauce	372,507	327,339	0.11	88	4.0	2.4	258,598	0.11	53,013	20.5	358,160	319,667	0.11	89
Condiment Sauces[14]	137,590	108,714	0.04	79	5.0	4.9	79,361	0.04	19,443	24.5	131,038	103,636	0.03	79
Flavor Enhancers	21,180	18,998	0.01	90	-5.8	-5.0	14,059	0.01	2,601	18.5	22,484	20,146	0.01	90
Ketchup	604,080	477,159	0.16	79	1.9	2.0	348,326	0.15	94,396	27.1	592,816	467,803	0.16	79
Meat Tenderizers	33,640	27,772	0.01	82	-5.4	-5.1	21,107	0.01	6,353	30.1	35,560	29,265	0.01	82
Onion Flakes	43,321	37,640	0.02	87	2.2	2.3	28,606	0.02	6,665	23.3	42,388	36,794	0.01	87
Pepper	247,216	177,544	0.06	72	3.1	3.2	133,158	0.06	29,960	22.5	239,783	172,039	0.06	72
Prepared Mustard	179,918	140,718	0.05	78	1.2	1.5	111,167	0.05	24,123	21.7	177,785	138,638	0.05	78
Salt	140,287	115,627	0.04	82	0.7	0.8	86,720	0.04	18,124	20.9	139,312	114,709	0.04	82
Spices	571,225	435,523	0.15	76	5.0	5.1	348,418	0.15	107,661	30.9	544,024	414,389	0.14	76
Dressings, Spreads	2,303,135	1,937,739	0.63	84	3.2	3.3	1,540,965	0.65	258,882	16.8	2,231,753	1,875,415	0.63	84
Pourable Salad Dressings	872,049	763,642	0.25	87	4.4	4.6	618,550	0.26	132,988	21.5	835,296	730,059	0.25	87
Spoonable Salad Dressings	456,607	402,788	0.13	88	2.8	2.6	334,314	0.15	36,774	11.0	444,470	392,581	0.13	88
Mayonnaise	799,669	643,047	0.21	80	2.8	2.9	482,285	0.21	67,520	14.0	777,888	624,924	0.21	80
Sandwich Spreads	46,080	40,812	0.02	88	0.9	0.8	30,609	0.02	5,357	17.5	45,669	40,488	0.01	89
Vinegar	128,730	87,450	0.03	68	0.0	0.1	75,207	0.04	17,749	23.6	128,730	87,363	0.03	68
Relishes & Appetizers	1,294,878	881,057	0.29	68	3.9	4.1	703,472	0.30	188,530	26.8	1,246,020	846,178	0.28	68
Bottled Green Olives	162,464	137,521	0.05	85	4.7	5.3	114,142	0.05	32,416	28.4	155,171	130,599	0.04	84
Canned Ripe Olives	199,442	171,351	0.06	86	5.1	4.7	138,794	0.06	35,531	25.6	189,764	163,659	0.06	86
Pickled Cucumbers, Tomatoes, Peppers	811,952	489,164	0.16	58	3.5	3.6	375,331	0.16	101,715	27.1	784,495	452,861	0.15	58
Relishes & Mixed Pickles	121,020	103,021	0.04	85	3.8	4.0	75,205	0.04	18,801	25.0	116,590	99,059	0.03	85
Spaghetti Sauces	1,497,552	1,301,679	0.42	87	8.6	8.4	976,258	0.42	219,658	22.5	1,379,125	1,200,963	0.40	87
Meatless	1,307,793	1,153,413	0.38	88	9.2	8.9					1,197,613	1,059,149	0.38	88
With Meat	176,508	137,655	0.05	78	4.6	4.6					168,746	131,601	0.04	78
With Clams	13,251	10,611	0.01	80	3.8	3.9					12,766	10,213	0.00	80

[13] Includes baked beans

[14] Excludes chili, seafood, cocktail and Oriental sauces

** Represents a revision of the 1987 figures previously published

DRY GROCERY—FOOD

CONTINUED

(add 000 to all dollar figures)	1988										1987			
	Value[1] of Total Retail Sales (all outlets)	Amount Spent in Grocery Stores[2]	% of Total Store	% Gro.[2] to Total	Percentage[3] Change from '87 to '88		Amount Spent in Supermarkets	% of Total Supermarket	$ Margin	% Margin	Value[1] of Total Retail Sales (all outlets)	Amount Spent in Grocery Stores[2]	% of Total Store	% Gro.[2] to Total
					Total[1]	Grocery[2]								
Desserts	643,995	563,470	0.19	87	0.2	0.2	432,884	0.19	86,577	20.0	642,762	562,460	0.19	88
Packaged Gelatin[15]	232,523	213,696	0.07	92	1.8	1.8	166,683	0.13	28,669	17.2	228,412	209,917	0.07	92
Prepared Puddings[16]	298,599	251,871	0.09	84	0.4	0.3	191,422	0.09	42,113	22.0	299,798	252,629	0.09	84
Dried Toppings	12,938	12,463	0.01	96	4.2	4.1	9,845	0.01	2,461	25.3	13,505	12,996	0.00	96
Ice Cream & Dessert Toppings	999,357	85,440	0.03	85	1.9	1.7	64,934	0.03	13,376	20.6	101,047	86,918	0.03	86
Dried Foods	3,556,326	2,893,178	0.94	81	7.8	7.9	2,159,724	0.91	460,021	21.3	3,298,073	2,684,746	0.91	81
Dried Vegetables & Fruits	2,158,431	1,617,127	0.53	75	10.8	11.1	1,193,323	0.51	257,758	21.6	1,949,612	1,456,031	0.49	75
Dried Beans & Peas	424,067	217,013	0.07	51	0.4	0.2	130,208	0.06	23,307	17.9	425,770	217,448	0.07	51
Fruits	650,526	503,237	0.17	77	5.5	6.3	392,525	0.17	93,421	23.8	617,189	473,750	0.16	77
Apricots	*26,969*	*18,927*	*0.01*	*70*	*1.4*	*1.6*					*26,567*	*18,629*	*0.00*	*70*
Dates	*38,549*	*33,686*	*0.02*	*87*	*4.5*	*9.2*					*36,899*	*30,848*	*0.01*	*84*
Figs	*9,800*	*7,036*	*0.01*	*72*	*3.7*	*3.8*					*9,450*	*6,778*	*0.00*	*72*
Raisins	*409,806*	*315,223*	*0.11*	*77*	*6.7*	*7.1*					*384,073*	*294,326*	*0.10*	*77*
Prunes	*140,703*	*110,740*	*0.04*	*79*	*8.7*	*9.0*					*129,442*	*101,596*	*0.03*	*78*
Other Dried Fruits[17]	*24,729*	*17,625*	*0.01*	*71*	*19.6*	*18.3*					*30,758*	*21,573*	*0.01*	*70*
Instant Mashed Potatoes	162,000	154,590	0.05	95	1.2	1.6	114,397	0.05	25,625	22.4	160,079	152,156	0.05	95
Other Instant Potatoes	56,035	52,195	0.02	93	0.8	1.1	38,624	0.02	7,532	19.5	55,590	51,627	0.02	93
Rice	865,803	690,092	0.23	80	25.3	23.0	517,569	0.22	108,172	20.9	690,984	561,050	0.19	81
Other Dried Foods	1,397,895	1,276,051	0.42	91	3.7	3.9	966,401	0.41	202,944	21.0	1,348,461	1,228,715	0.42	91
Cured Fish	214,108	137,451	0.05	64	3.6	3.7	105,837	0.05	26,036	24.6	206,668	132,547	0.04	64
Dry Gravy Mixes	81,953	78,657	0.03	96	4.8	5.0	57,420	0.03	16,709	29.1	78,199	74,911	0.03	96
Dry Dinner Mixes	858,926	835,411	0.27	97	4.8	4.9	626,558	0.27	121,552	19.4	819,586	796,388	0.27	97
Breading Mixes	84,686	71,151	0.03	84	4.4	4.3	51,940	0.03	11,219	21.6	88,584	74,348	0.03	84
Dry Stuffing Mixes	158,222	153,381	0.05	97	1.8	1.9	124,646	0.06	26,425	21.2	155,424	150,521	0.05	97
Fats & Shortenings[18]	1,842,708	1,518,638	0.49	82	4.7	5.5	1,161,791	0.49	213,769	18.4	1,760,690	1,439,514	0.49	82
Cooking & Salad Oils	1,186,038	972,381	0.32	82	7.5	7.9	777,905	0.33	161,026	20.7	1,103,291	901,187	0.30	82
Lard	96,360	40,959	0.02	42	12.2	12.3	29,900	0.02	4,694	15.7	109,749	46,864	0.02	43
Olive Oil	140,443	132,921	0.05	95	26.3	26.4	97,032	0.05	19,018	19.6	111,198	105,159	0.04	95
Shortening	419,867	372,397	0.12	89	3.8	3.6	256,954	0.11	32,633	12.7	436,452	386,304	0.13	89
Jams, Jellies, Preserves	2,485,303	2,014,308	0.65	81	2.1	2.4	1,384,506	0.59	257,518	18.6	2,435,042	1,967,640	0.67	81
Citrus Marmalade	14,036	11,849	0.01	84	0.5	0.5	619,386	0.27	157,943	25.5	13,966	11,790	0.00	84
Fruit Butter	7,175	6,208	0.01	86	1.1	1.2					7,166	6,134	0.00	86
Jams, Preserves	780,723	668,626	0.22	86	4.1	4.3					749,974	641,060	0.22	84
Jellies	263,439	224,179	0.08	85	-0.6	-0.5					265,029	225,306	0.08	35
Honey	175,813	124,750	0.05	71	3.7	3.9	89,820	0.04	16,706	18.6	169,540	120,067	0.04	71
Peanut Butter	1,244,117	978,696	0.32	79	1.2	1.6	675,300	0.29	106,697	15.8	1,229,265	963,283	0.33	78
Pasta	1,616,427	1,167,052	0.38	72	12.0	11.3	875,289	0.37	229,326	26.2	1,443,816	1,048,226	0.36	73
Macaroni	570,168	380,021	0.13	67	11.2	11.0					512,741	342,361	0.12	67
Noodles	372,124	279,516	0.09	75	10.9	10.6					335,549	252,727	0.09	75
Spaghetti	674,135	507,515	0.17	75	13.2	12.0					595,526	453,138	0.15	76
Prepared Drinks	9,368,369	7,404,194	2.39	79	-3.6	-3.3	5,450,877	2.30	1,057,470	19.4	9,721,806	7,653,610	2.59	79
Cocoa	344,043	309,580	0.10	90	0.5	1.6	253,856	0.11	53,310	21.0	342,363	304,847	0.10	89
Unsweetened Cocoa	*28,612*	*21,079*	*0.01*	*74*	*-4.8*	*-4.2*					*30,055*	*22,003*	*0.01*	*73*
Prepared Sweet Cocoa	*315,431*	*288,501*	*0.10*	*91*	*1.0*	*2.0*					*312,308*	*282,844*	*0.09*	*91*
Coffee	6,720,163	4,994,890	1.61	74	-5.1	-4.9	3,665,980	1.55	645,212	17.6	7,077,300	5,251,198	1.78	74
Regular Coffee	*5,296,171*	*3,649,044*	*1.18*	*69*	*-5.0*	*-4.8*	*2,663,802*	*1.12*	*442,191*	*16.6*	*5,574,917*	*3,833,029*	*1.30*	*69*
Instant Coffee	*1,402,069*	*1,325,201*	*0.43*	*94*	*-5.4*	*-5.3*	*987,107*	*0.42*	*197,421*	*20.0*	*1,482,103*	*1,399,367*	*0.47*	*94*
Whole Bean Coffee	*21,923*	*20,645*	*0.01*	*94*	*8.1*	*9.8*	*15,071*	*0.01*	*3,677*	*24.4*	*20,280*	*18,802*	*0.00*	*93*
Powdered Drink Mixes[19]	709,628	670,165	0.22	94	3.1	3.2	489,220	0.21	98,822	20.2	688,291	649,385	0.22	94
Dry Milk Powder	116,657	110,338	0.04	94	-3.1	-3.0	79,443	0.04	17,954	22.6	120,389	113,750	0.04	94
Prepared Food Drinks[20]	92,741	87,593	0.03	94	-5.2	-5.4	57,811	0.03	13,470	23.3	97,828	92,593	0.03	95
Tea	1,037,968	911,544	0.30	88	-1.4	-1.3	674,106	0.29	150,326	22.3	1,051,689	924,399	0.31	88
Bags & Loose Tea	*417,271*	*374,081*	*0.13*	*90*	*-1.0*	*-1.0*	*291,783*	*0.13*	*96,580*	*33.1*	*421,486*	*377,860*	*0.13*	*90*
Herb Tea	*178,575*	*128,502*	*0.05*	*72*	*4.9*	*5.9*	*95,091*	*0.04*	*20,635*	*21.7*	*170,234*	*121,343*	*0.04*	*71*
Ice Tea Mixes	*328,490*	*304,620*	*0.10*	*93*	*-3.4*	*-3.3*	*216,280*	*0.10*	*48,663*	*22.5*	*340,052*	*315,015*	*0.10*	*93*
Instant Tea	*113,561*	*104,341*	*0.04*	*92*	*-5.3*	*-5.3*	*70,952*	*0.03*	*16,603*	*23.4*	*119,917*	*110,181*	*0.04*	*92*
Breakfast Drinks	115,887	109,808	0.04	93	-5.0	-5.2	79,062	0.04	18,342	23.2	121,986	115,831	0.04	95
Coffee Creamers	231,282	210,276	0.07	91	4.2	4.3	151,399	0.07	41,635	27.5	221,960	201,607	0.07	91
Snacks	8,640,033	5,616,310	1.81	65	1.2	1.9	3,590,225	1.51	893,966	24.9	8,537,906	5,509,482	1.87	65
Corn Chips	1,181,461	887,766	0.29	75	-2.0	-1.9	603,681	0.26	152,731	25.3	1,205,575	904,960	0.31	75
Fruit Rolls & Bars	330,213	279,406	0.09	85	-4.1	-4.9	173,232	0.08	41,402	23.9	344,105	293,802	0.10	85
Packaged Unpopped Popcorn	717,682	601,415	0.20	84	14.6	14.9	324,764	0.14	90,934	28.0	626,250	523,425	0.18	84
Popped Popcorn	479,768	351,191	0.12	73	13.6	14.1	193,155	0.09	55,242	28.6	422,331	307,793	0.10	3

[15] Both flavored and unflavored.

[16] Both instant and other prepared puddings. Includes corn starch puddings, tapioca and rennet.

[17] Excludes fruit rolls and bars (listed under Snacks).

[18] Margarine included with dairy.

[19] Excludes "breakfast drinks" listed separately.

[20] Includes chocolate syrup-based drinks, malted milk items and other non-refrigerated items, but excludes chocolate syrup.

DRY GROCERY—FOOD

CONTINUED

(add 000 to all dollar figures)	1988										1987			
	Value[1] of Total Retail Sales (all outlets)	Amount Spent in Grocery Stores[2]	% of Total Store	% Gro.[2] to Total	Percentage[3] Change from '87 to '88 Total[1]	Percentage[3] Change from '87 to '88 Grocery[2]	Amount Spent in Supermarkets	% of Total Supermarket	$ Margin	% Margin	Value[1] of Total Retail Sales (all outlets)	Amount Spent in Grocery Stores[2]	% of Total Store	% Gro.[2] to Total
Pork Rinds	267,434	235,898	0.08	88	15.2	15.3	150,975	0.07	42,575	28.2	232,148	204,595	0.07	88
Potato Chips	3,743,510	2,144,220	0.69	57	3.7	3.8	1,393,743	0.59	305,230	21.9	3,609,942	2,065,723	0.70	57
Pretzels	306,007	278,432	0.09	91	−2.6	−2.4	222,746	0.10	53,904	24.2	314,176	285,279	0.10	91
Snack Nuts[21]	1,613,958	837,982	0.27	52	−9.5	−9.3	527,929	0.23	154,155	29.2	1,783,379	923,905	0.31	52
Soft Drinks	16,888,144	9,955,554	3.21	59	3.4	4.3	8,218,556	3.46	1,627,274	19.8	16,329,681	9,548,707	3.23	58
Bottled Soft Drinks	13,889,595	7,077,808	2.28	51	2.6	2.9					13,537,522	6,876,733	2.32	51
Diet	*1,062,274*	*841,039*	*0.28*	*79*	*7.7*	*7.8*	*7,787,715*	*3.28*	*1,526,392*	*19.6*	*986,327*	*780,185*	*0.26*	*79*
Sugared	*12,827,321*	*6,236,769*	*2.01*	*49*	*2.2*	*2.3*					*12,551,195*	*6,096,548*	*2.06*	*49*
Canned Soft Drinks	2,531,683	2,419,405	0.78	95	5.0	5.3					2,411,044	2,298,732	0.78	95
Diet	*1,012,236*	*939,413*	*0.31*	*93*	*8.3*	*9.0*					*928,657*	*861,847*	*0.29*	*93*
Sugared	*1,519,447*	*1,479,992*	*0.48*	*97*	*2.5*	*3.0*					*1,482,387*	*1,436,885*	*0.49*	*97*
Bottled Water	466,866	458,341	0.15	98	22.5	22.8	430,841	0.19	102,540	23.8	384,115	676,242	0.13	98
Sweeteners, Flavors	2,818,645	2,296,878	0.74	81	2.0	2.1	1,630,641	0.69	247,857	15.2	2,764,520**	2,250,794**	0.73	82
Flavoring Extracts	152,512	102,271	0.04	67	1.4	0.5	75,681	0.04	22,099	29.2	150,472	101,791	0.03	68
Vanilla Extracts	*91,254*	*61,821*	*0.02*	*68*	*1.8*	*0.0*	*45,748*	*0.02*	*13,267*	*29.0*	*89,640*	*61,821*	*0.02*	*69*
Other Flavoring Extracts	*61,258*	*40,450*	*0.02*	*66*	*0.7*	*1.2*	*29,933*	*0.02*	*8,830*	*29.5*	*60,832*	*39,970*	*0.01*	*66*
Marshmallow Cream	12,518	11,141	0.01	89	0.0	0.0	8,022	0.01	1,917	23.9	12,518	11,141	0.00	89
Packaged Molasses	24,603	21,254	0.01	86	6.3	6.4	15,728	0.01	3,539	22.5	23,145	19,976	0.01	86
Sugar	1,704,590	1,446,656	0.47	85	1.7	1.9	1,056,059	0.45	126,727	12.0	1,676,096	1,419,682	0.48	85
Synthetic Sweeteners	266,034	233,609	0.08	88	1.5	1.6	175,207	0.08	40,618	23.2	262,102	229,930	0.08	88
Table Syrup	505,876	379,676	0.13	75	3.3	3.6	299,944	0.13	54,890	18.3	489,715	366,483	0.12	75
Total Dry Grocery—Food	$135,379,883	$88,677,964	28.53	66	2.6	3.7	$65,154,247	27.0	$12,509,615	19.2	132,013,063	$85,436,304	28.90	65
Total Foods	$345,945,338	$231,356,463	74.43	67	3.4	4.5	$179,579,998	75.1	$42,380,879	23.6	$334,725,372	$221,377,792	74.90	66

DRY GROCERY—NONFOOD

(add 000 to all dollar figures)	1988										1987			
	Value[1] of Total Retail Sales (all outlets)	Amount Spent in Grocery Stores[2]	% of Total Store	% Gro.[2] to Total	Percentage[3] Change from '87 to '88 Total[1]	Percentage[3] Change from '87 to '88 Grocery[2]	Amount Spent in Supermarkets	% of Total Supermarket	$ Margin	% Margin	Value[1] of Total Retail Sales (all outlets)	Amount Spent in Grocery Stores[2]	% of Total Store	% Gro.[2] to Total
Home Canning Supplies	$113,840	$91,748	0.03	80	−0.5	−0.6	$76,151	0.04	$17,439	22.9	$113,840	$91,748	0.03	81
Caps, Lids, Bands	65,722	56,329	0.03	86	0.4	0.3					65,460	56,161	0.02	86
Jars	48,119	35,419	0.02	74	−1.6	−1.9					48,901	36,105	0.01	74
Laundry Supplies	1,685,767	1,555,149	0.51	92	5.2	5.3	1,126,063	0.48	186,926	16.6	1,273,965‡	1,171,552‡	0.40	92
Bleaches	699,201	651,574	0.21	93	4.6	4.7	462,618	0.20	49,963	10.8	339,737‡	316,444‡	0.11	93
Chlorine Bleach	*297,806*	*279,189*	*0.09*	*94*	*3.7*	*3.8*					*287,180*	*268,968*	*0.09*	*94*
Non-Chlorine	*347,787*	*324,054*	*0.11*	*93*	*5.7*	*5.9*					*ND*	*ND*	—	—
Dry Bleach	*53,608*	*48,331*	*0.02*	*90*	*2.0*	*1.8*					*52,557*	*47,476*	*0.02*	*90*
Bluing	4,880	4,064	0.01	83	6.6	6.3	2,845	0.01	464	16.3	4,578	3,823	0.00	84
Fabric Softeners	710,627	657,678	0.22	92	4.2	4.3	486,682	0.21	87,116	17.9	669,140	618,700	0.21	92
Soil & Stain Removers	174,503	154,487	0.05	88	5.8	5.7	112,776	0.05	22,668	20.1	164,937	146,156	0.05	89
Laundry Starch	96,556	87,346	0.03	90	1.0	1.1	61,142	0.03	13,390	21.9	95,573	86,429	0.03	90
Dry Starch	*2,535*	*2,298*	*0.01*	*91*	*−7.4*	*−7.1*					*2,738*	*2,474*	*0.00*	*90*
Liquid Starch	*11,260*	*10,484*	*0.01*	*93*	*−2.4*	*−2.1*					*11,537*	*10,709*	*0.00*	*93*
Spray Starch	*82,761*	*74,564*	*0.03*	*90*	*1.8*	*1.8*					*81,298*	*73,246*	*0.02*	*90*
Soaps & Detergents	6,077,576	5,539,983	1.79	91	1.9	2.0	4,234,666	1.78	575,915	13.6	5,969,490	5,431,522	1.84	91
Cleansers (Scouring)	274,777	217,153	0.07	79	3.3	3.8	158,522	0.07	31,704	20.0	265,999	209,203	0.07	79
Laundry Bar Soaps	4,925	3,920	0.01	80	−0.1	0.0	3,018	0.01	386	12.8	4,930	3,920	0.00	80
Soap Flakes, Chips, Powder	38,673	36,650	0.02	95	−3.2	−3.1	26,755	0.02	3,425	12.8	39,951	37,822	0.01	95
Liquid Detergents	1,910,428	1,804,619	0.59	94	2.5	2.7	1,438,079	0.61	178,322	12.4	1,865,547	1,757,544	0.60	94
Heavy Duty	*660,521*	*621,490*	*0.20*	*94*	*1.3*	*1.7*	*503,407*	*0.22*	*59,905*	*11.9*	*652,044*	*611,101*	*0.21*	*94*
Other Liquid Detergents[22]	*1,249,907*	*1,183,129*	*0.39*	*95*	*3.0*	*3.2*	*934,672*	*0.40*	*117,769*	*12.6*	*1,213,502*	*1,146,443*	*0.39*	*94*
Other Detergents	2,403,120	2,294,441	0.74	95	0.9	1.1	1,744,556	0.74	197,135	11.3	2,382,258	2,270,198	0.77	95
Dishwashing Compounds	*476,875*	*423,166*	*0.14*	*89*	*−1.5*	*−1.4*	*330,069*	*0.14*	*44,889*	*13.6*	*484,137*	*429,174*	*0.15*	*89*
Other Low Sudsing	*806,156*	*768,202*	*0.25*	*95*	*0.1*	*0.3*	*576,152*	*0.25*	*59,344*	*10.3*	*805,361*	*765,904*	*0.26*	*95*
Other Dry Detergents	*1,120,079*	*1,103,073*	*0.36*	*98*	*2.5*	*2.6*	*838,335*	*0.36*	*93,055*	*11.1*	*1,092,760*	*1,075,120*	*0.36*	*98*
Toilet Soaps & Detergents	1,303,311	1,101,421	0.36	84	2.7	2.8	804,037	0.34	154,375	19.2	1,269,733	1,071,868	0.36	84
Bath Detergents	*150,803*	*117,448*	*0.04*	*78*	*−0.8*	*−0.5*					*152,091*	*118,032*	*0.04*	*78*
Bath Soaps	*348,498*	*270,210*	*0.09*	*77*	*2.9*	*3.1*					*338,676*	*262,085*	*0.09*	*77*
Deodorant Soaps & Bars	*526,749*	*523,974*	*0.17*	*99*	*1.6*	*1.9*					*518,454*	*514,204*	*0.17*	*99*
Liquid Soaps	*277,261*	*169,789*	*0.07*	*68*	*6.4*	*6.9*					*260,584*	*177,539*	*0.06*	*68*
Water-Softening Salt	142,342	81,779	0.03	57	0.9	1.0	59,699	0.03	12,596	21.1	141,072	80,969	0.03	57

---

[21] Includes bulk nuts

[22] Includes dishwashing liquids

‡ Not directly comparable to 1987 figures due to inclusions of new items in category.

** Represents a revision from the 1987 figures previously published.

DRY GROCERY—NONFOOD

CONTINUED

(Add 000 to all dollar figures)	1988										1987			
	Value[1] of Total Retail Sales (all outlets)	Amount Spent in Grocery Stores[2]	% of Total Store	% Gro.[2] to Total	Percentage[3] Change from '87 to '88		Amount Spent in Supermarkets	% of Total Supermarket	$ Margin	% Margin	Value[1] of Total Retail Sales (all outlets)	Amount Spent in Grocery Stores[2]	% of Total Store	% Gro.[2] to Total
					Total[1]	Grocery[2]								
Other Cleaners, Cleansers & Supplies	3,395,348	2,180,055	0.71	64	4.2	4.7	1,543,093	0.65	416,635	27.0	3,260,843	2,083,381	0.70	64
All-Purpose Cleaner	730,545	648,206	0.21	89	4.9	5.5	499,119	0.21	110,305	22.1	696,420	614,413	0.21	88
Cellulose Sponges	147,829	107,955	0.04	73	8.7	7.6	76,648	0.04	32,499	42.4	135,997	100,330	0.03	74
Drain Pipe Solvents	33,404	30,950	0.01	93	8.5	8.7	24,760	0.02	5,125	20.7	30,787	28,711	0.01	93
Household Ammonia	48,713	33,592	0.02	69	2.0	1.8	24,186	0.02	4,813	19.9	47,758	32,988	0.01	69
Household Brooms	157,897	102,566	0.04	65	2.5	2.3	[98,079	0.05	39,035	39.8	154,046	100,260	0.03	65
Mops	216,312	125,535	0.05	58	2.7	1.8					210,625	123,315	0.04	59
Spot Cleaning Fluid	49,979	20,805	0.01	42	10.8	10.3	14,772	0.01	4,668	31.6	45,107	18,862	0.01	42
Household Disinfectants	275,233	209,619	0.07	76	4.5	5.1	[150,926	0.07	33,506	22.2	263,563	199,456	0.07	76
Aerosol	*218,248*	*162,502*	*0.06*	*74*	*4.0*	*4.5*					*209,854*	*155,504*	*0.05*	*74*
Non-Aerosol	*56,985*	*47,117*	*0.02*	*83*	*6.1*	*7.2*					*53,709*	*43,952*	*0.01*	*82*
Household Deodorizers	324,591	189,129	0.07	58	4.9	3.9	[136,173	0.06	35,133	25.8	309,570	182,067	0.06	59
Aerosol, Room	*93,877*	*64,985*	*0.03*	*69*	*9.7*	*5.6*					*85,576*	*61,539*	*0.02*	*72*
Non-Aerosol, Room	*230,714*	*124,144*	*0.04*	*54*	*3.0*	*2.0*					*223,994*	*120,528*	*0.04*	*54*
Rug Cleaners	80,818	59,209	0.02	73	7.2	7.5	44,407	0.02	12,212	27.5	75,390	55,078	0.02	73
Oven Cleaners	68,943	65,128	0.03	94	5.0	5.1	49,497	0.03	10,691	21.6	65,660	61,968	0.02	94
Steel Wool & Wire Sponges	122,558	112,780	0.04	92	2.8	2.9	80,074	0.04	20,339	25.4	119,220	109,602	0.04	92
Toilet Bowl Cleaners	115,786	99,762	0.04	86	5.0	5.3	70,831	0.03	17,566	24.8	110,272	94,741	0.03	86
Vacuum Cleaner Bags	750,518	169,751	0.06	23	1.4	1.2	123,918	0.06	55,515	44.8	740,156	167,738	0.06	23
Wall & Floor Cleaners[23]	59,703	52,162	0.02	87	4.9	4.6	37,035	0.02	8,333	22.5	56,914	49,868	0.02	88
Window Cleaners	98,949	84,496	0.03	85	5.7	5.1	59,992	0.03	13,378	22.3	93,613	80,396	0.03	86
All Other Cleaners[24]	113,570	68,410	0.03	60	7.4	7.6	52,676	0.03	11,852	22.5	105,745	63,578	0.02	60
Paper, Plastic, Foil Products	13,766,921	10,884,391	3.51	79	8.9	5.8	8,284,982	3.49	1,317,312	15.9	12,645,696**	10,295,774**	3.32	82
Cleansing / Facial Tissues	964,507	844,711	0.28	88	5.8	4.4	734,899	0.31	130,812	17.8	911,632	809,110	0.27	89
Coffee Filters	86,535	86,137	0.03	99	7.3	7.5	63,741	0.03	19,059	29.9	80,648	80,217	0.03	99
Disposable Diapers	3,088,903	2,166,361	0.70	70	4.3	2.1	1,538,116	0.65	969,013	6.3	2,961,556	2,121,803	0.72	72
Incontinence Products	650,880	55,364	0.03	8	28.0	45.6	44,291	0.02	13,287	30.0	508,500	38,025	0.01	7
Freezer Paper	19,679	16,582	0.01	84	0.4	0.8	12,271	0.01	3,448	28.1	19,601	16,450	0.01	84
Paper Cups[25]	432,635	198,453	0.17	46	10.4	9.0	168,685	0.08	37,954	22.5	391,880	309,199	0.10	79
Paper Napkins	437,123	406,760	0.14	93	4.3	2.8	325,408	0.14	86,233	26.5	419,102	395,681	0.13	94
Paper Plates[25]	662,849	531,154	0.18	80	11.9	10.4	414,300	0.18	63,388	15.3	592,358	481,118	0.16	81
Paper Towels	1,813,636	1,585,715	0.51	87	4.8	5.5	1,078,286	0.46	263,102	24.4	1,686,714	1,503,047**	0.54	93
Pre-Moistened Wipes[26]	177,353	143,140	0.05	81	7.7	6.0	105,924	0.05	25,634	24.2	164,673	135,038	0.05	82
Sandwich Bags	8,353	7,677	0.01	92	3.7	3.8	5,604	0.01	723	12.9	8,055	7,396	0.00	92
Toilet Paper	2,648,385	2,491,140	0.81	94	8.1	5.7	1,768,709	0.75	433,334	24.5	2,449,940	2,356,802	0.80	96
Waxed Paper	37,155	32,072	0.02	86	−0.8	−0.7	23,733	0.01	5,411	22.8	37,455	32,298	0.01	86
Other Paper Products	95,903	27,162	0.01	28	4.0	3.4	19,828	0.01	4,402	22.2	92,214	26,269	0.01	28
Plastic Cutlery	61,823	49,288	0.02	80	16.1	15.7	23,013	0.01	5,201	22.6	53,250	42,600	0.02	80
Household Aluminum Foil	434,330	387,808	0.13	89	4.5	4.9	310,246	0.14	58,326	18.8	415,627	369,693	0.13	89
Disposable Aluminum Cookware	199,859	199,275	0.07	99	8.9	8.3	165,398	0.07	42,507	25.7	183,525	139,681	0.05	76
Plastic Bags	1,720,441	1,465,022	0.48	85	21.0	16.7	1,362,471	0.58	343,343	25.2	1,421,907**	1,256,120**	0.19	88
Garbage Disposal Bags	*1,151,557*	*972,934*	*0.32*	*84*	*22.8*	*17.9*	*904,829*	*0.39*	*230,731*	*25.5*	*937,750***	*825,220***	*0.10*	*88*
Food & Other Bags	*568,884*	*492,088*	*0.16*	*86*	*17.5*	*14.2*	*457,642*	*0.20*	*113,953*	*24.9*	*484,157***	*430,900***	*0.09*	*89*
Plastic Film Wraps	226,572	190,570	0.07	84	11.5	8.7	120,059	0.06	24,372	20.3	203,204**	175,317**	0.09	91
Pesticides and Rodent Control	509,547	308,177	0.10	60	1.0	5.4	[234,215	0.10	61,130	26.1	514,845	325,850	0.11	63
Aerosol	256,129	169,683	0.06	66	−7.0	−10.0					275,407	188,537	0.06	68
Liquid (Non-Aerosol)	51,653	33,776	0.02	65	−6.5	−11.3					55,244	38,079	0.01	70
Pastes, Solids, Strips	34,650	23,649	0.01	68	−2.0	−1.5					35,357	24,009	0.01	68
Personal Insect Repellants	45,467	27,521	0.01	60	5.6	1.5					43,056	27,114	0.01	63
Non-Chemical Pest Control[27]	121,648	53,548	0.02	44	15.0	11.3					105,781	48,111	0.02	45
Waxes & Polishes	388,616	301,903	0.10	76	−0.8	−0.7	209,726	0.09	47,817	22.8	392,085	304,279	0.10	78
Furniture Polish	246,879	191,109	0.07	77	0.6	0.8	129,954	0.06	28,070	21.6	245,155	189,592	0.06	77
Liquid Floor Wax	6,876	4,041	0.01	59	−2.7	−2.3	[79,772	0.04	19,544	24.5	7,067	4,137	0.00	59
Paste Floor Wax	4,010	2,631	0.01	66	−11.8	−11.9					4,547	2,986	0.00	66
Self-Polishing Floor Wax	130,851	104,122	0.04	80	−3.3	−3.2					135,316	107,564	0.04	79
Other Household Supplies	2,745,052	1,300,328	0.42	47	1.7	0.5	696,052	0.30	224,129	32.2	2,701,340	1,294,168	0.44	48
Charcoal Briquettes	352,465	311,172	0.11	88	−0.4	−0.2	177,368	0.08	31,571	17.8	353,881	311,796	0.11	88
Charcoal Lighter	109,524	78,732	0.03	72	−5.0	−4.9	51,963	0.03	12,575	24.2	115,289	82,789	0.03	72
Electric Christmas Bulbs & Sets	289,575	34,577	0.02	12	5.9	6.8	20,746	0.01	8,402	40.5	273,442	32,375	0.01	12
Electric Light Bulbs[28]	1,212,904	506,110	0.17	42	2.6	1.5	273,299	0.12	110,959	40.6	1,183,168	498,631	0.17	42
Fireplace Logs	107,646	74,988	0.03	70	10.2	10.9	64,490	0.03	15,220	23.6	97,682	67,618	0.02	69
Household Glue	25,158	3,218	0.01	13	−3.2	−8.1	1,866	0.01	681	36.5	26,017	3,502	0.00	13
Household Tints & Dyes	49,273	4,516	0.01	9	−1.3	−1.1	2,619	0.01	985	37.6	49,922	4,567	0.00	9
Matches[29]	36,729	28,434	0.01	77	−4.5	−3.2	17,060	0.01	6,074	34.5	38,460	29,374	0.01	76
Shoe Polish	237,205	68,594	0.03	29	−1.8	−1.9	26,870	0.02	11,957	44.5	241,553	74,640	0.03	31

Continued on page 99

[23] Excludes liquids.

[24] Includes borax, water softeners and similar products.

[25] Includes plastic and other non-paper disposables.

[26] Includes baby wipes.

[27] Includes mouse and other traps.

[28] 200 watt and under, including non-residential use. Grocery store sales are estimated to be 70 percent residential.

[29] Includes wooden and book matches.

** Represents a revision of the 1987 figures published previously.

DRY GROCERY—NONFOOD

CONTINUED

	1988										1987			
(add 000 to all dollar figures)	Value[1] of Total Retail Sales (all outlets)	Amount Spent in Grocery Stores[2]	% of Total Store	% Gro.[2] to Total	Percentage[3] Change from '87 to '88		Amount Spent in Supermarkets	% of Total Supermarket	$ Margin	% Margin	Value[1] of Total Retail Sales (all outlets)	Amount Spent in Grocery Stores[2]	% of Total Store	% Gro.[2] to Total
					Total[1]	Grocery[2]								
Gloves	134,190	96,829	0.04	72	-5.0	-3.3	58,097	0.03	22,948	39.5	141,263	100,154	0.03	71
Household Gloves	55,365	21,096	0.01	38	-5.3	-4.1					58,464	21,998	0.01	38
Rubber Gloves	78,825	75,733	0.03	96	-4.8	-3.1					82,799	78,156	0.02	94
Household Supplies, n.c.e.	190,383	93,158	0.03	49	4.8	5.0	31,674	0.02	8,774	27.7	181,663	88,722	0.03	49
Pet Foods[30]	6,374,669	5,843,627	1.89	92	3.9	3.4	4,221,281	1.78	776,716	18.4	6,139,404	5,653,294	1.91	92
Canned Pet Food	2,175,153	2,029,214	0.66	93	6.2	2.8	1,475,137	0.62	292,077	19.8	2,049,190	1,974,578	0.67	96
Canned Cat Food	1,224,424	1,146,508	0.37	94	8.9	4.5	848,416	0.36	175,622	20.7	1,124,356	1,097,137	0.37	98
Canned Dog Food	950,729	882,706	0.29	93	2.8	0.6	626,721	0.27	116,570	18.6	924,834	877,441	0.30	95
Dry Pet Food	2,948,822	2,744,285	0.89	93	3.3	5.3	1,948,443	0.82	311,751	16.0	2,855,767	2,606,703	0.88	91
Dry Cat Food	889,654	828,611	0.27	93	6.8	6.4	588,314	0.25	111,191	18.9	833,009	778,770	0.26	93
Dry Dog Food	2,059,168	1,915,674	0.62	93	1.8	4.8	1,360,129	0.58	201,299	14.8	2,022,758	1,827,933	0.62	90
Semi-Moist Pet Food	419,144	369,271	0.12	88	-5.9	-9.5	277,088	0.12	51,538	18.6	445,758	408,266	0.14	92
Semi-Moist Cat Food	225,838	203,652	0.07	90	-8.9	-9.1	144,593	0.07	26,171	18.1	247,901	224,040	0.08	90
Semi-Moist Dog Food	193,306	165,619	0.06	86	-2.3	-10.1	132,495	0.06	25,041	18.9	197,857	184,226	0.06	93
Pet Snacks	390,859	372,229	0.12	95	7.1	6.3	264,283	0.12	57,614	21.8	364,948	350,168	0.12	96
Cat Litter	440,691	328,628	0.11	75	4.0	4.8	256,330	0.11	64,339	25.1	423,741	313,579		74
Tobacco Products	29,473,858	13,937,912	4.49	47	7.3	6.5	9,850,855	4.14	1,487,479	15.1	27,482,395	13,091,429	4.43	48
Cigarettes	27,747,861	13,358,564	4.30	48	7.7	6.7	9,751,752	4.10	1,462,763	15.0	25,781,240	12,525,675	4.24	49
Filter-Tipped Cigarettes	27,343,042	12,619,445	4.06	48	8.0	7.0					24,391,706	11,793,874	3.99	48
Other Cigarettes	1,404,819	739,119	0.24	53	1.1	1.0					1,389,534	731,801	0.25	53
Cigars	615,110	73,952	0.03	12	0.5	-1.5	38,455	0.02	7,922	20.6	612,050	75,078	0.02	12
Tobacco & Snuff	1,110,887	505,396	0.17	45	2.0	3.0	60,648	0.03	10,431	17.2	1,089,105	490,676	0.17	45
Total Dry Grocery (Nonfood)	$64,531,194	$41,943,273	13.50	65	6.1	4.8	$30,477,084	12.8	5,150,627	16.9	$60,823,627*	$40,049,515*	13.29	66

HEALTH & BEAUTY AIDS

	1988										1987			
(add 000 to all dollar figures)	Value[1] of Total Retail Sales (all outlets)	Amount Spent in Grocery Stores[2]	% of Total Store	% Gro.[2] to Total	Percentage[3] Change from '87 to '88		Amount Spent in Supermarkets	% of Total Supermarket	$ Margin	% Margin	Value[1] of Total Retail Sales (all outlets)	Amount Spent in Grocery Stores[2]	% of Total Store	% Gro.[2] to Total
					Total[1]	Grocery[2]								
Dieting Aids	$467,064	$221,361	0.08	47	5.1	4.7	$88,544	0.04	$22,224	25.1	$444,544	$211,515	0.07	48
Diet Supplements	135,895	91,214	0.03	67	6.7	7.0					127,362	85,247	0.03	67
Metered Calorie Meals[31]	90,702	64,497	0.03	71	-3.2	-2.9					93,700	66,423	0.02	71
Reducing Preparations	240,467	65,650	0.03	27	7.6	9.7					223,482	59,845	0.02	27
Cosmetics	5,142,306	676,659	0.22	13	8.2	8.6	503,709	0.22	163,705	32.5	4,755,921	623,396	0.21	13
Eye Makeup Products	2,807,611	580,651	0.19	21	8.7	8.5	429,682	0.19	139,217	32.4	2,582,973	535,517	0.18	21
Eye Shadow	1,059,497	229,600	0.08	22	6.0	8.1					999,973	212,440	0.07	21
Eyeliner	285,082	58,196	0.02	20	11.3	8.9					256,138	53,440	0.02	21
Mascara	1,226,259	246,385	0.08	20	12.3	10.2					1,091,949	223,580	0.08	20
Other Eye Preparations & Accessories[32]	236,773	46,470	0.02	20	0.6	0.9					235,361	46,101	0.01	20
Lipstick (& Gloss)	1,419,839	49,159	0.02	3	7.0	9.3	38,344	0.02	12,270	32.0	1,326,952	44,976	0.01	3
Makeup Bases	746,879	39,074	0.02	5	8.2	8.8	29,696	0.02	10,967	34.9	690,606	35,917	0.01	5
Cake	74,808	3,807	0.01	5	3.1	2.8					72,559	3,703	0.00	5
Cream	201,814	10,067	0.01	5	6.7	6.3					197,567	9,470	0.00	5
Lotion	461,257	25,200	0.01	5	9.7	10.8					420,471	22,744	0.01	5
Pressed Cake Powder & Blush	167,977	7,775	0.01	5	8.1	11.3	5,987	0.01	2,012	33.6	155,390	6,986	0.00	4
Family Planning	573,423	77,575	0.03	13	14.3	28.0	69,788	0.03	29,668	42.5	502,048	60,625	0.02	12
Condoms	228,383	39,170	0.02	17	17.3	28.6	33,295	0.02	17,313	52.0	194,700	30,456	0.01	16
Female Contraceptives[33]	61,777	9,391	0.01		2.3	3.6	8,640	0.01	3,033	35.1	60,388	9,065	0.00	15
Home Pregnancy Tests	283,263	29,314	0.01	10	14.7	37.5	27,853	0.02	10,250	36.8	246,960	21,101	0.01	9
Feminine Hygiene Products	1,711,640	991,189	0.32	58	-0.3	-3.1	864,995	0.37	172,134	19.9	1,718,412	1,022,913	0.35	60
Douches	66,046	27,073	0.01	41	9.9	10.1	25,449	0.02	6,922	27.2	66,540	24,591	0.01	37
Liquid Douches	37,656	14,759	0.01	39	8.1	8.7					40,707	13,578	0.00	33
Powder Douches	28,390	12,314	0.01	44	9.9	11.8					25,833	11,014	0.00	43
Sanitary Napkins	1,063,801	630,502	0.21	59	-3.6	-6.9	592,672	0.25	145,205	24.5	1,103,528	677,231	0.23	61
Tampons	581,793	333,614	0.11	57	6.1	3.9	246,874	0.11	37,031	15.0	548,344	321,091	0.11	59

[30] Bird food and other pet accessories listed under General Merchandise.

[31] Does not include frozen foods.

[32] Includes false eyelashes, adhesives, brushes, tweezers, etc.

[33] Includes sponges and all other non-Rx contraceptives.

NCE—Not classified elsewhere.

* Represents a revision of the 1987 figures, due to the inclusion of new items within the categories.

HEALTH & BEAUTY AIDS

CONTINUED

(add 000 to all dollar figures)	1988										1987			
	Value[1] of Total Retail Sales (all outlets)	Amount Spent in Grocery Stores[2]	% of Total Store	% Gro.[2] to Total	Percentage[3] Change from '87 to '88 Total[1]	Percentage[3] Change from '87 to '88 Grocery[2]	Amount Spent in Supermarkets	% of Total Supermarket	$ Margin	% Margin	Value[1] of Total Retail Sales (all outlets)	Amount Spent in Grocery Stores[2]	% of Total Store	% Gro.[2] to Total
Hair Products	4,325,531	1,699,467	0.55	39	4.9	4.7	1,556,716	0.66	457,674	29.4	4,126,165	1,623,722	0.55	39
Coloring Preparations	729,257	103,729	0.04	14	7.1	6.6	93,356	0.04	25,113	26.9	680,912	97,037	0.03	14
Cream Rinses	156,462	88,632	0.03	57	2.8	3.0	88,044	0.04	20,250	23.0	152,200	86,050	0.03	57
Dandruff Rinses	16,400	6,039	0.01	37	-0.3	0.0					16,449	6,039	0.01	37
Men's Hair Dressings	131,448	66,011	0.03	50	-1.0	-0.8	60,730	0.03	17,794	29.3	132,908	66,573	0.02	50
Men's Hair Spray	*39,872*	*17,086*	*0.01*	*43*	*-0.4*	*-0.1*					*40,032*	*17,104*	*0.01*	*43*
Other Men's Hair Dressings	*91,576*	*48,925*	*0.02*	*53*	*-1.4*	*-1.1*					*92,876*	*49,469*	*0.02*	*53*
Shampoos	1,276,976	809,582	0.27	63	3.4	3.7	752,911	0.32	196,510	26.1	1,236,070	781,409	0.27	63
Baby Shampoo	*88,852*	*71,321*	*0.03*	*80*	*2.5*	*4.3*					*86,685*	*68,381*	*0.03*	*79*
Color Shampoo	*8,585*	*2,110*	*0.01*	*24*	*-7.3*	*-7.1*					*8,878*	*2,248*	*0.01*	*25*
Medicated Shampoo	*338,760*	*185,282*	*0.06*	*55*	*5.0*	*5.3*					*322,629*	*175,956*	*0.06*	*55*
Other Shampoo	*840,779*	*550,869*	*0.18*	*65*	*2.8*	*3.0*					*817,878*	*534,824*	*0.18*	*65*
Hair Accessories	972,808	209,943	0.07	22	3.7	3.6	186,849	0.08	90,609	48.6	938,930	202,772	—	—
Barrettes	*100,008*	*13,156*	*0.01*	*13*	*6.7*	*7.3*					*93,728*	*12,261*	*0.00*	*13*
Bobby Pins	*39,349*	*10,259*	*0.01*	*26*	*0.4*	*-0.3*					*39,507*	*10,290*	*0.00*	*26*
Combs[34]	*200,961*	*23,360*	*0.01*	*12*	*5.9*	*7.3*					*189,765*	*21,771*	*0.01*	*11*
Curlers & Rollers	*148,263*	*29,366*	*0.01*	*20*	*2.3*	*3.2*					*144,930*	*28,455*	*0.01*	*20*
Hair Brushes	*339,537*	*110,979*	*0.04*	*33*	*4.3*	*3.7*					*325,539*	*107,019*	*0.04*	*33*
Hair Nets	*35,957*	*4,028*	*0.01*	*11*	*-1.0*	*-1.5*					*36,320*	*4,090*	*0.00*	*11*
Pin Curl Clips	*28,757*	*9,766*	*0.01*	*34*	*-1.4*	*-1.1*					*29,165*	*9,875*	*0.00*	*34*
Pony Tailers	*79,976*	*9,029*	*0.01*	*11*	*0.0*	*0.2*					*79,976*	*9,011*	*0.00*	*11*
Home Permanent Kits, Refills	134,163	23,934	0.01	18	1.8	-4.9	21,301	0.01	6,028	28.3	131,791	26,167	0.01	19
Waveset Preparations	46,750	13,408	0.01	29	9.7	10.0	10,592	0.01	2,934	27.7	42,616	12,189	0.00	29
Women's Hair Dressings & Conditioners	332,994	147,396	0.05	44	7.0	7.8	128,235	0.06	34,239	26.7	311,209	136,731	0.05	44
Women's Hair Spray	468,060	215,705	0.07	46	5.8	7.1	202,763	0.09	54,543	26.9	442,401	201,405	0.07	46
Other Hair Dressings	60,213	15,108	0.01	25	5.4	5.0	11,935	0.01	3,282	27.5	57,128	14,389	0.01	25
Health Aids	1,162,939	537,343	0.18	46	3.9	4.2	424,089	0.18	130,619	30.8	1,119,712	515,695	0.18	46
Baby Oils & Lotions	111,286	89,687	0.03	81	5.2	5.6	73,543	0.04	21,107	28.7	105,785	84,931	0.03	80
Baby Pants	62,260	8,418	0.01	13	-7.7	-8.6	6,903	0.01	2,823	40.9	67,454	9,210	0.00	14
Baby Powder	94,973	45,298	0.02	48	0.8	-0.2	37,144	0.02	8,952	24.1	93,971	45,389	0.02	48
Cotton Swabs	98,499	60,655	0.02	62	3.2	3.6	49,737	0.03	15,518	31.2	95,445	58,547	0.02	61
Diaper Rash Products	40,731	23,453	0.01	58	14.8	17.2	19,231	0.01	5,538	28.8	35,480	20,011	0.01	56
Fever Thermometers	38,396	13,764	0.01	34	8.3	15.6	11,286	0.05	4,040	35.8	35,453	11,907	0.00	34
First Aid Products	569,360	254,833	0.09	45	3.0	3.0	206,415	0.09	64,401	31.2	553,231	247,602	0.08	45
Adhesive Bandages	*221,514*	*115,315*	*0.04*	*52*	*2.5*	*2.7*					*216,111*	*112,283*	*0.04*	*52*
Adhesive Tape	*77,367*	*45,848*	*0.02*	*59*	*1.3*	*1.8*					*76,374*	*45,260*	*0.02*	*59*
Cotton Balls	*87,371*	*31,920*	*0.02*	*36*	*7.1*	*7.3*					*81,579*	*29,748*	*0.01*	*36*
First Aid Kits	*41,188*	*22,091*	*0.01*	*54*	*1.1*	*1.5*					*40,740*	*21,765*	*0.01*	*53*
Gauze Bandages	*50,061*	*12,316*	*0.01*	*25*	*3.7*	*4.2*					*48,275*	*11,820*	*0.00*	*24*
Gauze Dressings	*56,826*	*12,498*	*0.01*	*22*	*2.2*	*2.8*					*55,603*	*12,158*	*0.00*	*22*
Other First Aid Cotton	*35,033*	*14,845*	*0.01*	*42*	*1.4*	*1.9*					*34,549*	*14,568*	*0.00*	*42*
Nipples & Pacifiers	47,759	17,309	0.01	36	11.6	9.8	1,709	0.01	637	37.3	42,795	15,764	0.01	37
Nursing Bottles	49,568	7,279	0.01	15	13.2	11.3	5,969	0.01	2,167	36.3	43,788	6,540	0.00	15
Disposable Bottle Liners	50,107	16,647	0.01	33	8.2	5.4	12,152	0.01	4,460	36.7	46,310	15,794	0.01	34
Nail Care Products[35]	587,483	112,401	0.04	19	2.2	3.3	88,797	0.04	28,504	32.1	574,871	108,885	0.04	19
Manicure Implements	191,542	53,052	0.02	28	6.5	7.8					179,852	49,213	0.02	27
Nail Polish & Enamel	340,147	46,962	0.02	14	1.0	0.3					336,779	46,822	0.02	14
Nail Polish Remover	55,794	12,387	0.01	22	-4.2	-3.6					58,240	12,850	0.00	22
Oral Hygiene Products	2,707,452	1,484,730	0.48	55	5.6	6.5	1,293,459	0.55	232,823	18.0	2,564,934	1,395,411	0.47	54
Denture Products	319,315	132,824	0.05	42	3.8	3.8	112,900	0.05	27,886	24.7	307,837	128,026	0.04	42
Denture Adhesives	*142,848*	*54,266*	*0.02*	*38*	*2.2*	*3.1*					*139,773*	*52,634*	*0.02*	*38*
Denture Cleaners	*176,467*	*78,558*	*0.03*	*44*	*5.0*	*4.2*					*168,064*	*75,392*	*0.02*	*45*
Mouthwash & Gargles	699,416	381,796	0.13	55	11.6	12.3	332,163	0.14	55,803	16.8	626,717	339,979	0.12	54
Breath Fresheners[36]	21,639	10,964	0.01	51	5.2	3.1	8,990	0.01	2,913	32.4	20,569	10,634	0.00	52
Toothbrushes	369,552	132,436	0.05	36	6.2	9.6	108,598	0.05	34,317	31.6	347,977	120,836	0.04	35
Toothpaste & Powder	1,223,250	795,687	0.26	65	2.7	3.8	708,161	0.30	103,391	14.6	1,191,091	766,558	0.26	65
Dental Floss	74,280	31,023	0.01	42	5.0	5.6	22,647	0.01	8,832	39.0	70,743	29,378	0.01	42
Packaged Medications	8,413,043	2,915,883	0.94	35	8.5	12.9	2,381,465	1.01	600,129	25.2	7,764,060**	2,583,612**	0.86	34
Acne Preparations	216,616	41,179	0.02	19	4.1	4.6	34,179	0.02	11,074	32.4	208,085	39,368	0.01	19
Aerosol Antiseptics	84,335	16,364	0.01	19	11.5	12.6					75,637	14,533	0.00	19
Athlete's Foot Medications	122,246	31,137	0.02	25	14.6	13.3	80,522	0.04	29,149	36.2	106,672	27,482	0.01	26
Burn Remedies	51,355	14,394	0.01	28	2.6	2.3					50,054	14,070	0.00	28
External Antiseptics	29,213	5,968	0.01	20	7.4	7.2					27,200	5,567	0.00	20
Foot Salves, Ointments	74,547	17,488	0.01	23	10.8	11.2					67,281	15,727	0.00	23
Poison Ivy Remedies	63,144	15,122	0.01	24	19.9	21.6					52,708	12,436	0.00	24
Antacids	885,892	407,726	0.14	46	7.6	8.7	354,722	0.15	92,228	26.1	824,331**	375,431**	0.08	54
Effervescent Antacids	*100,000*	*59,295*	*0.02*	*59*	*2.6*	*0.5*					*98,000***	*59,000***	*0.03*	*53*
Liquid Antacids	*381,000*	*158,000*	*0.06*	*41*	*9.3*	*11.9*					*349,000***	*139,198***	*0.02*	*47*
Powder Antacids	*5,892*	*2,640*	*0.01*	*45*	*7.6*	*8.6*					*5,476*	*2,431*	*0.00*	*44*
Tablets, Pills, Gum, Lozenges	*399,000*	*187,000*	*0.07*	*47*	*7.3*	*8.2*					*371,855***	*173,000***	*0.03*	*60*

---

[34] Includes comb clips.

[35] Excludes products intended for professional use.

[36] Liquids and sprays only.

— Not Available

** Represents a revision in the 1987 figures published previously.

HEALTH & BEAUTY AIDS

CONTINUED

(add 000 to all dollar figures)	1988										1987			
	Value[1] of Total Retail Sales (all outlets)	Amount Spent in Grocery Stores[2]	% of Total Store	% Gro.[2] to Total	Percentage[3] Change from '87 to '88		Amount Spent in Supermarkets	% of Total Supermarket	$ Margin	% Margin	Value[1] of Total Retail Sales (all outlets)	Amount Spent in Grocery Stores[2]	% of Total Store	% Gro.[2] to Total
					Total[1]	Grocery[2]								
Cold Capsules, Tablets	785,742	435,124	0.14	55	9.9	11.9	356,802	0.15	84,919	23.8	714,961	388,859	0.13	54
Cough Medications	1,302,954	261,820	0.09	20	4.1	5.3	159,710	0.07	43,441	27.2	1,251,651	248,864	0.08	20
Cough Drops, Lozenges, Troches	*384,338*	*89,942*	*0.03*	*23*	*4.6*	*4.8*					*367,476*	*85,883*	*0.03*	*23*
Cough Drops	232,198	80,384	0.03	35	4.0	4.6					223,267	76,849	0.02	34
Lozenges, Troches	152,140	9,556	0.01	6	5.5	5.8					144,209	9,034	0.00	6
Salves, Ointments[37]	*56,842*	*20,732*	*0.01*	*36*	*1.3*	*1.8*					*56,113*	*20,365*	*0.00*	*36*
Syrups, Elixirs, Expectorants	*585,038*	*128,740*	*0.05*	*22*	*4.2*	*6.1*					*561,457*	*121,338*	*0.04*	*22*
Other Cough & Cold Remedies[38]	*276,736*	*22,406*	*0.01*	*8*	*3.8*	*8.3*					*266,605*	*21,278*	*0.01*	*8*
Nasal Sprays & Drops	191,991	23,719	0.01	12	2.1	1.3	20,398	0.01	6,344	31.1	188,042	23,415	0.01	12
Analgesics	2,632,643	1,153,141	0.38	44	7.0	7.2	955,130	0.41	225,411	23.6	2,461,184	1,075,821	0.36	44
Internal Analgesics	*2,322,938*	*1,056,933*	*0.35*	*45*	*6.5*	*6.7*	*866,685*	*0.37*	*204,538*	*23.6*	*2,182,140*	*990,990*	*0.33*	*45*
Arthritic	100,602	32,549	0.02	32	3.0	3.5					97,672	31,448	0.01	32
Extra Strength	1,093,752	538,006	0.18	49	6.2	6.7					1,025,072	504,223	0.17	49
Menstrual Pain	65,773	30,823	0.01	47	0.8	1.9					65,251	30,248	0.01	46
Pediatric	103,874	43,521	0.02	42	1.8	2.3					102,037	42,543	0.01	42
Regular Strength	742,650	320,854	0.11	43	5.1	5.5					706,613	304,127	0.10	43
Sinus	216,287	91,180	0.03	42	16.6	16.3					185,495	78,401	0.03	42
External Analgesics	*309,705*	*96,208*	*0.04*	*31*	*11.0*	*13.5*	*88,445*	*0.04*	*24,588*	*27.8*	*279,044*	*84,831*	*0.03*	*30*
Mouth Analgesics[39]	172,229	55,219	0.02	32	15.7	18.6					148,858	46,559	0.02	31
Other External Analgesics	137,476	40,989	0.02	30	5.6	7.1					130,186	38,272	0.01	29
Diarrhea Remedies	161,613	87,177	0.03	54	15.4	16.3	79,331	0.04	20,071	25.3	140,046	74,959	0.03	54
Hemorrhoidal Medications	214,040	63,583	0.03	30	14.9	16.4	57,860	0.03	13,481	23.3	186,317	54,633	0.02	29
Hemorrhoidal Suppositories	*122,405*	*37,687*	*0.02*	*31*	*14.2*	*16.1*					*107,185*	*32,405*	*0.01*	*30*
Hemorrhoidal Ointments	*91,635*	*25,896*	*0.01*	*28*	*15.8*	*16.5*					*79,132*	*22,228*	*0.01*	*28*
Laxatives	650,353	155,624	0.06	24	12.2	13.6	130,724	0.06	31,374	24.0	579,637	136,993	0.05	24
Eye Lotions, Washes	149,987	75,400	0.03	50	4.5	5.5	62,582	0.03	15,020	24.0	143,528	71,469	0.02	50
Contact Lens Care Products[40]	721,607	77,127	0.03	11	16.9	18.8	62,473	0.03	19,117	30.6	627,286	64,922	0.02	11
Sleeping Aids (Non-Rx)	74,765	33,790	0.02	45	11.1	11.4	27,032	0.02	8,758	32.4	67,295	30,332	0.01	45
Personal Cleanliness Products	214,568	49,218	0.02	23	5.6	5.5	44,961	0.02	11,195	24.9	203,258	46,663	0.02	23
Bath Salts, Tablets, Oils, Bubble Bath	130,647	38,584	0.02	29	2.7	4.1	35,497	0.02	8,839	24.9	127,243	37,082	0.01	29
Bubble Bath	*76,288*	*28,472*	*0.01*	*37*	*2.8*	*5.1*					*74,210*	*27,090*	*0.01*	*37*
Other Salts, Oils, Tablets	*54,359*	*10,112*	*0.01*	*19*	*2.5*	*1.2*					*53,033*	*9,992*	*0.00*	*19*
Talcum & Body Powder	83,921	10,634	0.01	13	10.4	11.3	9,464	0.01	2,394	25.3	76,015	9,581	0.00	13
Personal Deodorants, Antiperspirants	1,242,616	686,313	0.23	55	6.8	5.1	610,819	0.26	142,321	23.3	1,164,334	653,217	0.22	56
Stick Deodorants	544,289	328,388	0.11	60	10.0	6.3					494,808	380,926	0.10	62
Roll-On Deodorants	341,801	153,356	0.05	45	5.3	2.8					324,597	149,179	0.05	46
Feminine Sprays	8,353	4,096	0.01	49	10.6	7.2					7,552	3,821	0.00	51
Other Aerosols	348,173	200,473	0.07	56	3.2	4.8					337,377	191,291	0.06	57
Shaving Products	1,861,974	632,748	0.21	34	3.8	6.7	502,083	0.22	139,077	27.7	1,771,780	593,515	0.20	33
After Shave Lotion	323,319	106,974	0.04	33	7.8	11.8	85,579	0.04	25,502	29.8	299,925	95,683	0.03	32
Depilatories	29,529	10,578	0.01	36	9.2	8.5	8,461	0.01	2,581	30.5	27,041	9,749	0.00	36
Pre-Shave Products	26,747	11,200	0.01	42	0.0	1.9	8,960	0.01	2,527	28.2	26,747	10,991	0.00	41
Razor Blades	427,165	200,732	0.07	47	3.1	2.3	160,586	0.07	38,380	23.9	414,321	196,219	0.07	47
Razors (Handles)	42,960	14,958	0.01	35	4.4	5.7	11,368	0.01	3,876	34.1	41,149	14,151	0.00	34
Disposable Razors	265,615	152,489	0.05	57	10.3	11.2	118,941	0.05	40,797	34.3	265,615	137,130	0.05	52
Shaving Cream	251,857	106,057	0.04	42	3.8	2.9	83,785	0.04	19,857	23.7	242,637	103,068	0.04	42
Men's Cologne	494,782	29,760	0.01	6	8.9	12.2	24,403	0.02	8,492	34.8	454,345	26,524	0.01	.6
Skin Care Products	1,945,339	491,952	0.16	25	8.5	9.1	390,824	0.17	97,706	25.1	1,794,184	451,083	0.15	25
Face Cream	726,505	148,318	0.05	20	3.1	3.6	306,037	0.13	74,979	24.5	704,661	143,164	0.05	20
Face Lotions & Astringents	123,308	13,776	0.01	11	4.0	4.1					118,565	13,233	0.01	11
Hand & Body Lotions	497,111	202,938	0.07	41	12.6	13.4					441,484	178,954	0.06	41
Hand Creams	33,506	8,184	0.01	24	5.1	6.0					31,285	7,721	0.00	25
Lip Protectors	41,997	12,776	0.01	30	4.3	7.5	9,582	0.01	3,248	33.9	40,266	11,885	0.00	30
Liquid Face Cleansers	108,977	30,463	0.01	28	-0.2	-0.6	18,582	0.01	5,147	27.7	109,195	30,647	0.01	28
Suntan/Sunscreen Products	413,940	75,497	0.03	18	18.7	15.3	56,623	0.03	14,835	26.2	348,728	65,479	0.02	19
Vitamins & Tonics	1,606,346	617,314	0.20	38	3.1	5.7	506,197	0.22	167,045	33.0	1,558,047	584,025	0.20	37
Other Health & Beauty Aids[41]	2,398,646	1,111,750	0.36	46	3.7	4.3	444,700	0.19	121,403	27.3	2,313,063	1,065,946	0.36	46
Total Health & Beauty Aids (non-Rx)	34,360,370	12,305,923	3.96	36	6.2	5.8	9,160,327	3.85	2,325,883	25.5	32,372,333**	11,631,454**	3.90	36
Prescriptions[42]	23,400,000	2,132,785	0.69	9	3.8	6.1	2,132,785	0.90	—	—	ND	2,010,165	0.68	9
Total HBA & Prescriptions	$57,760,370	$4,438,708	4.65	25	4.8	5.9	$11,293,112	4.75	—	—	$55,130,011**	$13,641,619**	4.58	25

---

[37] Excludes analgesics.

[38] Includes antihistamines, room decongestants, inhaler tubes and other inhalers.

[39] Includes liquids and salves for use on lips and gums for blisters, teething and tooth pain, and canker sores.

[40] Includes solutions, cleansing kits, tablets, and cases.

[41] Includes vaporizers, humidifiers and other health aid appliances, convalescent aids, home diagnostic tests, women's fragrances, etc.

[42] Excludes sales through hospitals.

ND—Not determined.

** Represents a revision from 1987 figures previously published.

GENERAL MERCHANDISE

(add 000 to all dollar figures)	1988										1987			
	Value[1] of Total Retail Sales (all outlets)	Amount Spent in Grocery Stores[2]	% of Total Store	% Gro.[2] to Total	Percentage[3] Change from '87 to '88 Total[1]	Percentage[3] Change from '87 to '88 Grocery[2]	Amount Spent in Supermarkets	% of Total Supermarket	$ Margin	% Margin	Value[1] of Total Retail Sales (all outlets)	Amount Spent in Grocery Stores[2]	% of Total Store	% Gro.[2] to Total
Audio & Video	$9,551,666	$890,200	0.29	9	0.9	25.0	$543,022	0.23	$208,520	38.4	$4,632,099	$710,529	0.24	15
Records, Pre-recorded Audio Tapes & Compact Disks[43]	3,059,936	256,427	0.09	8	10.6	4.3					2,766,669	245,855	0.08	9
Blank Audio Cassettes	469,374	13,816	0.01	3	7.0	5.0					438,667	13,158	0.00	3
Blank Video Cassettes	1,522,356	101,312	0.04	7	6.7	22.6					1,426,763	82,636	0.03	6
Video Cassette Rentals[44]	4,500,000	518,645	0.17	11	34.5	40.6					ND	368,880	0.13	0
Auto Supplies	2,185,817	390,162	0.13	18	12.0	0.8	343,343	0.15	73,132	21.3	1,953,373	359,962	0.12	18
Antifreeze	576,229	106,713	0.04	18	30.0	31.6					443,253	81,089	0.03	18
Automobile Polish	147,261	38,684	0.02	26	-5.0	-8.1					155,012	42,094	0.01	27
Automotive Additives	179,391	31,036	0.01	17	8.0	7.5					166,103	28,871	0.01	17
Motor Oil	1,282,936	213,729	0.07	17	7.9	2.8					1,189,005	207,908	0.07	17
Electrical Appliances[45]	ND	227,358	0.08	—	—	13.3	211,443	0.09	67,662	32.0	ND	200,699	0.07	0
Flashlights & Batteries	3,152,945	588,784	0.19	19	7.0	4.9	524,018	0.23	204,891	39.1	2,945,751**	561,281**	0.20	16
Batteries	2,759,918	550,890	0.18	20	7.3	4.9					2,572,151**	525,157	0.19	16
Flashlights	393,027	37,894	0.02	10	5.2	4.9					373,600	36,124	0.01	10
Greeting Cards	4,439,842	559,191	0.18	13	10.1	11.3	542,415	0.23	277,174	51.1	4,032,554	502,418	0.16	12
Hardware[46]	ND	245,358	0.08	—	—	0.8	237,997	0.10	87,583	36.8	ND	243,411	0.08	0
Housewares	4,952,249	1,200,590	0.39	24	4.0	7.2	1,772,728	0.75	742,773	41.9	4,760,444	1,119,988	0.38	24
Bakeware	1,622,839	143,148	0.05	9	1.1	5.1					1,605,182	136,202	0.05	8
Barbeque Grills	607,759	4,058	0.01	67	2.3	2.0					594,090	3,979	0.00	1
Beverageware	496,909	75,981	0.03	15	3.2	2.8					481,501	73,911	0.03	15
Cutlery	599,824	56,508	0.02	9	8.9	12.3					550,803	50,319	0.02	9
Food Preparation Glassware	521,375	69,671	0.03	13	3.0	3.6					506,189	67,250	0.02	13
Kitchen Towels	20,666	7,345	0.01	35	6.1	9.8					19,478	6,689	0.00	34
Kitchen Utensils & Gadgets	ND	206,282	0.07	—	—	5.9					ND	194,789	0.07	0
Microwave Cookware	ND	93,680	0.04	—	—	0.9					ND	92,844	0.03	0
Ornamental & Novelty Glassware	169,697	7,290	0.01	4	2.0	0.0					166,370	7,290	0.00	4
Plastic & Rubberware	ND	428,363	0.14	—	—	10.5					ND	387,659	0.13	0
Pots & Pans	772,222	77,658	0.03	10	10.3	12.1					700,111	69,276	0.02	10
Tableware	140,958	30,606	0.01	22	3.1	2.8					136,720	29,772	0.01	22
Other Housewares[47]	ND	625,965	0.21	—	—	5.7					ND	593,155	0.20	0
Periodicals	10,955,188	1,844,072	0.60	17	6.4	12.1	1,493,698	0.63	428,691	28.7	10,293,753	1,645,743	0.56	16
Children's Story Books	501,702	118,967	0.04	24	8.3	15.2					463,252	103,270	0.04	22
Coloring Books	233,088	30,836	0.01	13	5.1	8.3					221,777	28,473	0.01	13
Comics	128,834	39,476	0.02	31	7.5	8.3					119,846	36,451	0.01	30
Magazines[48]	2,603,658	1,441,091	0.47	55	10.6	13.4					2,354,121	1,265,225	0.43	54
Newspapers[49]	5,813,817	70,540	0.03	1	5.8	6.3					5,495,121	66,359	0.02	1
Paperback Books	1,674,089	143,162	0.05	8	2.1	-1.9					1,639,656	145,965	0.05	9
Other Merchandise	4,341,615	532,278	0.16	12	5.4	9.3	410,508	0.18	177,339	43.2	4,056,548‡	492,705‡	0.17	12
Disposable Cigarette Lighters	319,167	134,213	0.05	42	1.7	1.6	108,713	0.05	45,659	42.0	313,832	132,099	0.04	42
Garden Seed Packets	108,309	58,190	0.02	54	2.0	2.1	52,371	0.03	24,719	47.2	106,868	56,993	0.02	53
Playing Cards	219,963	30,405	0.01	14	-1.0	-1.4	17,635	0.01	6,701	38.0	222,185	30,837	0.01	14
Road Salt & Ice Pellets	ND	20,651	0.01	—	—	-3.1	16,727	0.01	6,523	39.0	ND	21,312	0.01	0
Sewing Notions	1,534,613	58,909	0.02	4	-2.0	3.0	48,894	0.03	21,611	44.2	1,565,932	57,193	0.02	4
Shoelaces	69,145	36,002	0.02	52	6.9	6.1	14,761	0.01	4,310	29.2	64,682	33,932	0.01	52
Sunglasses	1,605,352	123,975	0.03	4	15.4	16.7	95,461	0.05	48,971	51.3	1,391,120	106,234	0.04	8
Vacuum Bottles & Jugs	485,066	69,933	0.03	14	7.2	7.3	55,946	0.03	19,749	35.3	391,929	54,015	0.02	14
Picnic Jugs	*136,413*	*23,365*	*0.02*	*17*	*5.3*	*5.6*					*129,929*	*22,126*	*0.01*	*17*
Vacuum Bottles	*283,635*	*34,568*	*0.02*	*12*	*8.1*	*8.4*					*262,382*	*31,889*	*0.01*	*12*
Lunch Boxes	*65,000*	*12,000*	*0.01*	*18*	*6.0*	*18.0*					*ND*	*ND*	—	—

---

43 Includes LPs, EPs, 45s, cassettes, 8-track and disc.

44 Does not include sales of pre-recorded video cassettes, or rentals of video cassette equipment.

45 Includes all electrical appliances other than health aid appliances. Also includes portable radios, tape players and personal stereos.

46 Includes non-electric tools, fasteners, paint supplies (not paint), and wiring devices.

47 Includes bar accessories, plastic items, potholders, oven mitts, etc.

48 Does not include subscription sales.

49 Includes sales from all outlets, including subscriptions and home delivery.

‡ Not directly comparable to 1987 figures, due to inclusion of new items in category.

** Represents a revision of 1987 figures previously published.

ND—Not determined. — Not Available

GENERAL MERCHANDISE

CONTINUED

(add 000 to all dollar figures)	1988										1987			
	Value[1] of Total Retail Sales (all outlets)	Amount Spent in Grocery Stores[2]	% of Total Store	% Grs.[2] to Total	Percentage[3] Change from '87 to '88		Amount Spent in Supermarkets	% of Total Supermarket	$ Margin	% Margin	Value[1] of Total Retail Sales (all outlets)	Amount Spent in Grocery Stores[2]	% of Total Store	% Grs.[2] to Total
					Total[1]	Grocery[2]								
Pet Accessories[50]	1,626,522	436,496	0.15	27	2.2	0.3	423,401	0.18	157,505	37.3	1,591,986	435,200	0.14	27
Bird Food	43,316	23,794	0.01	55	7.0	1.0					40,482	23,558	0.01	58
Pet Grooming Aids	69,544	14,562	0.01	21	3.5	1.5					67,192	14,347	0.00	21
Feeding Bowls	130,008	3,418	0.01	26	3.4	2.3					12,580	3,341	0.00	27
Flea Collars	215,450	152,750	0.05	71	3.8	2.1					223,961	156,027	0.05	70
Other Pet Accessories	1,285,204	241,972	0.08	19	3.0	1.7					1,247,771	237,927	0.08	19
Photo Supplies & Processing	8,539,680	1,188,266	0.39	14	7.6	10.0	1,093,205	0.46	245,971	22.5	7,935,218	1,080,691	0.36	14
Film	2,740,043	761,802	0.25	28	9.1	11.3					2,511,497	684,458	0.23	27
Processing	4,269,241	325,194	0.11	8	8.8	9.2					3,923,935	297,797	0.10	8
Flash Bulbs & Cubes	81,730	23,094	0.01	28	14.9	14.6					96,040	27,042	0.01	28
Still Cameras[51]	1,448,666	78,176	0.03	5	3.2	9.5					1,403,746	71,394	0.02	5
Stationery	724,579	144,497	0.05	20	12.0	11.1	122,822	0.06	43,725	35.6	646,843	130,016	0.04	4
Looseleaf Fillers	201,459	20,319	0.01	10	9.7	10.0					183,645	18,472	0.01	10
Notebooks	122,278	19,375	0.01	16	14.1	14.5					107,162	16,921	0.01	16
Packaged Paper & Envelopes	100,944	29,465	0.01	29	7.0	7.0					93,340	27,537	0.01	29
Writing Tablets, Pads	299,898	75,338	0.03	25	14.6	12.3					261,691	67,086	0.02	26
Toys	13,502,778	286,277	0.10	2	5.8	3.1	229,022	0.10	88,631	38.7	12,762,550	277,669	0.09	2
Underwear & Hosiery	5,952,616	1,026,903	0.34	17	4.5	3.0	815,487	0.35	283,789	34.8	5,698,250	996,753	0.34	17
Men's & Boys' Underwear	ND	123,537	0.04	—	—	7.8	96,359	0.05	32,473	33.7	ND	114,598	0.04	0
Men's Hosiery	1,917,749	71,288	0.03	4	10.3	2.4	53,466	0.03	21,707	40.6	1,738,666	69,617	0.02	4
Panty Hose	3,901,319	816,669	0.27	21	2.0	2.5	665,662	0.28	230,319	34.6	3,824,823	796,750	0.27	21
Stockings	133,548	15,409	0.01	11	0.9	2.4					134,761	15,788	0.01	12
Writing Implements	967,086	111,228	0.04	11	1.7	0.3	80,084	0.04	32,594	40.7	951,308	111,552	0.03	12
Ballpoint & Fountain Pens	403,032	52,354	0.02	13	3.8	6.5					418,952	55,994	0.02	13
Ballpoint Refills	57,315	5,000	0.01	9	2.0	0.8					56,191	4,960	0.00	9
Broad Tip Markers	107,845	8,098	0.01	7	5.3	6.1					102,417	7,632	0.00	7
Fine Line Porous Pens	270,213	34,474	0.02	13	7.5	7.0					251,361	32,219	0.01	13
Mechanical Pencils	48,904	7,561	0.01	15	5.2	5.1					46,478	7,194	0.00	15
Woodcased Pencils	79,780	3,741	0.01	5	5.1	5.3					75,909	3,553	0.00	5
General Merchandise N.C.E.[52]	ND	$1,167,382	0.39	—	—	NC	$1,155,708	0.49	$346,712	30.0	ND	$1,316,314	0.45	0
Total General Merchandise	ND	$11,466,007	3.60	—	—	12.5	$9,918,817	4.17	$3,025,239	30.5	ND	$10,141,923	3.43	0
Total Foods, Nonfoods*	ND	$299,104,451	96.14	—	—	5.2	$231,662,011	96.96	$57,683,841	24.9	ND	$284,284,138	96.29	0
Sales N.C.E.[53]	ND	$11,726,549	3.87	—	—	NC	$7,270,460	3.06	$1,352,306	18.6	ND	$11,013,862	3.73	0
GRAND TOTAL	ND	$310,831,000	100.00	—	—	5.3	$238,932,471	100.00	$59,255,253	24.8	ND	$295,298,000	100.00	0

---

[50] Excludes dog and cat foods, and cat litter which are listed under Dry Grocery Nonfood. Includes all other pet accessories not listed.

[51] Includes disc, cartridge, and 35mm still cameras.

[52] Includes clothing not listed, clocks, watches, scales, garbage cans (metal and rubber), automotive supplies not listed, snow shovels, garden tools and supplies, lawn furniture, etc.

[53] Includes sales of items not listed above from all store departments.
*Margin based on total excluding prescriptions.

ND—Not determined.

NCE—Not classified elsewhere.

NC—Not comparable.

— Not Available

INSTORE BAKERY

Instore bakeries in supermarkets are growing in number and size because of their profit potential and the convenience they provide for customers. It is becoming much more common for shoppers to pick up their baked goods at their local supermarket, while they are shopping for their groceries.

Almost every supermarket has a bakery or is in the process of installing one. As the data shows in SUPERMARKET BUSINESS's 7th Annual Bakery Operations Review (April 1989), there were 1,200 new instore bakery units added for the year 1988, which brings the total number of units to 20,040. Currently, 65 percent of all supermarkets have an instore bakery. Their size has also increased, with the average unit growing by 9 percent to 1,539 sq. ft.

Not only have instore bakeries grown in number and size, but in sales as well. Sales were up by 27.9 percent for 1988, totaling $6.11 billion in dollar sales. The average bakery accounted for 2.9 percent of store sales which, in turn, contributed 4.9 percent of the total store profits. The bakery is becoming a more popular department to consumers in that 27.3 percent of store customers made bakery purchases in 1988, although there is plenty of room for growth.

'The supermarket bakery continues to be a growing segment of the bakery industry.'

The ability of instore bakeries to generate such profits is also due to a decrease in labor costs. With the more sophisticated production methods and equipment that are available to aid bakers today, it decreased labor costs by 8 percent in 1988 from the previous year. It now costs the average bakery 31.2 percent of its sales to pay for labor costs.

The health craze has affected just about every product area in the supermarket—including instore bakery products. Now, more than ever, consumers are demanding low- or no-cholesterol bakery products as well as products containing oat bran.

"Cholesterol is driving consumers' buying habits," says Mary Johnson, consultant to Pillsbury Company (Minneapolis). "People are buying more breads and rolls and fewer doughnuts. They are also buying products with oat bran, rice bran, corn bran, or multi-brans."

Johnson feels that the instore bakery has responded faster than the retail baker to consumer health trends. "That's because they are more in touch with what consumers are buying. They can see what types of products are selling in the rest of the store." She also says that retail bakers are a little slower to pick up on these trends because they are more isolated. "They don't have the support of the big chain organization to help them with issues like nutrition."

"More health-oriented baked goods are definitely gaining in popularity," says Bob Downey, deli/bakery merchandiser for Seaway Food Town, Inc. (Maumee, Ohio). "Anything with oat bran in it is going to be hot."

Popular products

"The health approach and nutrition, and bakery being a part of that, has caught on in the proliferation of nutritional products," says John Plumley, national sales manager, Dawn Food Products Inc. (Jackson, Mich.). "The biggest sellers are oat bran muffins, cookies and breads. Rice bran is also becoming quite popular now."

"I guess oat bran muffins and other oat bran items have been a major usage," says Tom Shaughnessy, vice president, general sales manager of Con-Agra Flour Milling (Omaha, Neb.).

"Everybody began jumping

INSTORE BAKERY

'The instore bakery has responded faster than the retail baker to consumer health trends.'

on the oat bran bandwagon last year," adds Judy Streigel, senior product manager, Rich Products Corp. (Buffalo, N.Y.). "A lot of supermarkets are also going to a low- or no-cholesterol baking program. Consumers are asking for products without tropical oils, so we've taken them out of all of our bakery products."

While there seems to be an increase in demand for healthier-type bakery products, consumers are still indulging in sweet goods that are higher in calories, such as cream- and chocolate-filled pastries and iced doughnuts.

"The super-rich cream and chocolate products are still sellers," says Johnson. "The trend is definitely going in both directions, from nutritious products to products on the upper range of indulgence." Johnson concludes that the reason is simple. "People want to reward themselves. If they've been good all week, they want something ultra-special, not some plain cake or doughnut."

Plumley adds, "We sell a lot of chocolate doughnuts and products with icings, and haven't seen any dropoff in that end of our product line. Our sales of these products have been just fine."

Rich Products reports that some of its most popular products are its brownies and a new line of Deluxe Homestyle Cookies. "These cookies are preportioned to 2 oz. with big chunks of chocolate and nuts," says Streigel.

Downey says that he hasn't seen a dropoff in these types of products either. "If anything, the croissant fad is winding down a bit," he adds. "I don't believe they are as quite as popular as they were two years ago."

Business of cakes

Another trend in the instore bakery is the growing popularity of cakes. Whether it be selling decorated cakes, or cakes by the slice, they are an important seller in instore bakeries.

"Our central bakery is our primary source for cake decorating," says Downey. "The stores take the orders from customers, and we ship the cake to the store for customer pickup." Downey says that they have just recently started to get into instore decorating of cakes. "That seems to be a growing business," he says.

"Our cake business has never been better. The growth rate hasn't been as rapid in some of the other lines of sweet goods, like cinnamon sweet goods," says Streigel.

Shaughnessy also agrees that the cake business is booming. "I think that decorated cakes will continue to grow," he says.

Industry experts agree that they are also starting to see cakes being sold by the slice. "In the past, this has only been done by very upscale gourmet retail bakeries," says Streigel. "Selling cakes by the slice is a way for retailers to get the impulse sales of someone seeing the cake and wanting to have a piece, but not having to buy the whole thing. It's also a response to single-person households."

Area of decline

There has been some consensus among manufacturers that products falling somewhere in between the healthy and the rich are not doing too well. "The middle range of bakery products, those that fall in the middle in terms of taste, value and price, are suffering," says Johnson. Customers want one or the other—either a nutritious, healthier product or the extra rich, such as a chocolate product.

Production methods combined

Industry observers report that instore bakery operators are opting for a mixing and matching of production methods to better suit their customers' palates.

"I see a lot of combining of production types," says Plumley. "Retailers that had total frozen operations are now buying some mixes and scratch products. Scratch bakeries on the other hand, are buying frozen products."

"We use mostly frozen bake-off items, but we also have some items made from scratch at our central bakery," says Downey.

Plumley advises that the best overall plan is to use a combination of mix, scratch and frozen in order to use the available labor hours to the best advantage. "The number one problem is skilled labor, especially when it comes to bakers. Those people who can bake well are paid well. The availability and cost of skilled labor makes using a combination of production methods a good idea," he explains.

"People are just finding that it is more efficient to mix the production methods," says Streigel. "Some products are made from bases, while others use frozen dough and still others are thaw and sell. A large proportion of the people are going with this combination approach."

Johnson feels that the big area of instore bakeries is going to be the ready-to-serve or ready-to-bake products, rather than products made from scratch. "This is because of the labor problem, the time involved, and the space," he says. "Ready-to-serve, partly baked and prethawed products are going to be big. Operators are using the best method to achieve good value for their customers."

New products

Instore bakery manufacturers have added many new products to their existing lines or have introduced entirely new products to correspond to the health trend.

Pillsbury is moving away from mixes and scratch and moving toward frozen, preformed products. "If we didn't change, it would have hurt us," says Johnson. Pillsbury introduced a line of frozen products that are preformed. There are 29 items in the line, which includes sweet doughs, puff pastry and danish, and rolls.

Another product introduction was its oat bran muffin and bread mix. For the indulgent crowd, the company introduced a new cream cake base that is used for specialty cakes and tortes. It is available in vanilla and chocolate flavors.

ConAgra has been very strong in the oat bran concept. "We've become one of the basic manufacturers of fiber products," says Shaughnessy. The company has introduced a white oat fiber called Snow White, which enables the baker to add fiber to his bread and still produce a white bread instead of the traditional dark fiber breads.

"We are studying barley and barley bran and are putting money into its research. We feel that barley bran can be an adjunct to oat bran," adds Shaughnessy.

Dawn Food Products' main emphasis in 1989 has been on nutrition and health and it will continue in 1990. The company has introduced a variety of new

Continued on page 136

DELI

Today's consumers want fresh, restaurant-style food that doesn't have to be cooked and that's easy to prepare. With more and more dual-income families, it just makes sense. Convenience in meal preparation is a major factor in consumers' food purchasing decisions. Whether they purchase hot food from the deli or chilled food from the refrigerator, it had better be fresh, high in quality, available in many varieties and, most of all, convenient.

Retailers are indeed responding to consumers' demands in a variety of ways. Many are expanding their foodservice areas to include a greater variety of foods. Others are adding drive-up windows. Some even have separate entrances to the deli area with separate cash registers, thus allowing shoppers to get in and out fast. They don't have to wait on a long line to pay for a meal. Sit-down eating areas are also becoming more popular.

Instore delis have demonstrated that they can generate huge profits for supermarkets. The instore deli has, without a doubt, become an important department. Almost every supermarket has a deli or is in the process of installing one in its new or remodeled stores.

Consumers are demanding fresh restaurant-style foods that don't have to be cooked and are easy to prepare.

Deli sales soar

According to SUPERMARKET BUSINESS's 7th Annual Deli Operations Review (March 1989), 64.6 percent of U.S. supermarkets featured delis in 1988. Last year alone, approximately 900 new deli units were created in both remodeled and new supermarkets. Over a five-year period, deli sales increased tremendously—from $3.9 billion in 1983 to $9.56 billion in 1988.

In 1988, the deli section accounted for 4.3 percent of total store sales for the stores they were located, up 20.8 percent over the year before.

Prepared foods on the rise

One of the continuing areas of growth in the deli, according to industry experts, is in prepared foods. "The instore deli has become the source for picking up whole dinners," says Liz Margolis, deli foodservice merchandiser of Haggen, Inc. (Bellingham, Wash.).

"I think that retailers are trying to get more of these prepared foods through suppliers. The trend is for suppliers to manufacture items to retailers' specifications, but they aren't doing the best job of it yet," she says.

"Prepared foods is the hot area right now," says Jonathan Talbot, director of public relations for Orval Kent Food Company, Inc. (Wheeling, Ill.). "The whole deli area of fresh, never frozen products is definitely still growing. Delis, too, are growing, getting bigger than ever."

Because the freshly prepared foods area is growing, Orval Kent is in the process of test marketing its own line of prepared entrees.

"We've seen the salad area remain steady over the last few years, maybe even being pushed down a bit by all the new prepared entrees," says Talbot. "Our salad business has really tapered off after it experienced much rapid growth a few years back. We do have some salads that can be considered prepared entrees, because they are designed to be eaten hot or cold, but now we are getting into the prepared foods area totally."

"Prepared foods are much more popular this year than in previous years," says Larry Goldsmith, foodservice marketing manager for Stouffer's Food-

Continued on page 136

PLEASE TAKE A NUMBER
8

DELI

'We all acknowledge that the prepared foods opportunity is dramatic in the deli, and is growing, but we don't know how to service it yet.'

service (Solon, Ohio). Goldsmith feels that the biggest growth has been in preportioning. "Our customers are buying prepared food in bulk and portioning it into smaller microwavable containers," he says. "The filled containers are put in the self-service areas for the lunch and dinner crowd to take home and eat."

Stouffer's has introduced baked rigatoni and tortellini products this past year. The company also sees an increased interest in its low-calorie products such as its chicken dishes in Italian, Primavera and Glazed varieties.

Health boom or bust?

The health trend is also affecting prepared foods, as the American population takes a greater interest in the foods they eat. Consumers are beginning to educate themselves about nutrition, and are taking their health more seriously. This concern has translated into what foods they choose to eat, and has resulted in the introduction of many products in prepared foods, salads and cold cuts that are low in calories, salt, fat and cholesterol.

Healthier products seem to be favorable, according to Haggen's Margolis. "Low-salt and low-fat meats sell very well," she says. "There is also an interest in meat without preservatives."

"The trend is toward nutritious product alternatives," says Howard Zemsky, vice president of Russer Foods (Buffalo, N.Y.). "Products low in salt, low in fat and low in cholesterol are what we are focusing on. According to the U.S. Department of Health and Human Services, by next year, 70 percent of U.S. adults will be actively seeking foods lower in sodium and fat," says Zemsky.

This past June, Russer Foods introduced a line of low-fat deli meats called Lil' Salt, which contains 25 percent less fat and 33 percent less salt than regular cold cuts. The line includes cooked ham, smoked ham, bologna, beef bologna, cooked salami, P&P loaf, old-fashioned loaf and braunschweiger.

Russer's line has complete nutritional labeling on the package, showing protein, calorie, sodium, cholesterol and fat content to assist deli employees in answering customer questions.

According to Russer, the average household buys processed meat 22 times a year and consumes 27 pounds annually. During a two-week research period, 91 percent of U.S. households served processed meats. Approximately 7.7 percent of total consumption of processed meats was in the "lean" category.

"Lite" deli meats are not the only area of growth. Prepared salads have also gone "lite."

"It seems that the public really wants low-calorie, low-fat products. Our light salads are going like gangbusters," says Robert Levine, vice president of sales and marketing at Manor Hill Foods (Baltimore). Levine adds that supermarkets are using his products (prepared salads) to a much larger degree than he had ever anticipated.

"We are pleasantly surprised to see what supermarkets are doing with our products," Levine says. "We thought our main focus was going to be in hospitals or for nutritionists who wanted these products."

Manor Hill manufactures prepared salads and has a new line of seven light salads that are low in calories, fat and cholesterol. A few of them are light Red Bliss potato salad, light cole slaw, light pasta salad and light chicken salad. Because these products are doing so well, the company will be introducing another four or five light products in the near future.

However, Orval Kent's Talbot has a different viewpoint about low-calorie products. He says, "We really have not had a demand for low-calorie products. We keep experimenting with them, and talking about them, but we don't get any customers actually ordering them. Some of the products we sell are relatively low in calories anyway, like our tuna salad or fish salad, but we are not introducing any new low-calorie products or products with light mayonnaise."

What Orval Kent did introduce this past April was Chilled Selections, a line of fresh fruit salad that is distributed nation-

Continued on page 140

INSTORE BAKERY

Although there has been an influx of healthier baked goods, it has not affected the sales of richer, creamier products.

Continued from page 132

mixes: oat bran raisin doughnuts, oat bran muffins, rice bran muffins, corn bran muffins, oat bran bread and multi-bran bread.

"We've also come out with frozen oat bran croissants and frozen oat bran muffins," says Plumley. "The slant of our new products is 'Take a healthy approach to Life.'"

Rich Products, too, has introduced a number of oat bran items. "We already had a natural line of wheat and rye breads," says Streigel. "This year, we came out with a new line of bran breads in oat bran and honey oat, and a high-fiber, low-sodium bread, honey oat with fruit."

In July, Rich also introduced a whole line of non-cholesterol toppings and creamers. "They are non-dairy and have really gone over big," says Streigel.

On the indulgent side, the company introduced a New York-style chocolate eclair with a non-dairy Bavarian Mousse filling. It's a thaw-and-sell item that comes packaged in a white box, four per box. "The product is ambient-temperature stable, so it doesn't need to be refrigerated," explains Streigel. "It can be displayed on a self-service table and has a shelf life of about five days, once it has been thawed."

Knowing how great the instore bakery's profit potential can be, one must not overlook the necessity of effectively merchandising the products.

"I think that instore bakeries are definitely trying to accent merchandising and are improving their merchandising techniques," says Plumley.

"Retailers are seeing that the bakery responds to merchandising just the way the rest of the store does. Mass merchandising of bakery items is working very well, as retailers experiment, using tables, self-service racks and bins."

"I think supermarkets have done a good job in merchandising and marketing the instore bakery," says Shaughnessy. "The bin concept is great. It lets the customer help himself to a variety of products. Retailers are doing a good job in displaying products."

Instore bakeries are, without a doubt, becoming strong profit centers for supermarkets. Their profit potential has led to their growth in size and in number. "The instore bakery industry is obviously growing," says Plumley. "There will be a lot of openings and remodels in the next 12 months, and we will work with retailers to help them plan their bakeries and products."

"Instore bakeries are leading the way for the industry and will probably continue to do so in the future, especially with all the scanner feedback available on what people are buying," remarks Johnson.

—LAUREN LEKOSKI

DELI

An influx of healthier products in prepared foods, salads and deli meats is a result of consumers' health concerns.

Continued from page 136

wide. "We see processed fruit as a real growth area, and I'm sure other companies are getting into it, or thinking about it," says Talbot. Because the fruit is already cut, retailers can save labor costs and the mess and waste of cutting it up themselves. "It is also more consistent than a product they might want to produce themselves instore," adds Talbot. The company will also be introducing a two-pound branded retail pack sometime before the end of the year.

Alan Green, national sales manager for Blue Ridge Farms (Brooklyn, N.Y.), believes that people are still more health-conscious and are looking for items lower in calories. "We've definitely seen an increase in prepared foods, specifically in chicken and turkey items, because they are perceived as being healthier items," he says. "Pasta salads are more in demand, also."

Green also mentions that even though there is a big demand for healthier items, there is still a demand for meat products such as meatballs, meatloaf, Salisbury steak, and Italian items such as lasagna. "We hear customers saying that they want lower-calorie items, yet they continue to buy the mayonnaise-based products and items made with red meat. So we are receiving mixed signals from both our customers and consumers," he adds.

Blue Ridge Farms is in the process of making a health-oriented line of "lite" salads. "We are doing that by using a less oil-based mayonnaise, and more vinegar-based salads," says Green.

Chilled foods: Up and coming

Another trend that is emerging is the desire for chilled prepared foods. These foods are already cooked and need only to be taken home and heated or lightly cooked.

"A number of companies are manufacturing products for foodservice distribution and going into the retail supermarket," says Richard Cristol, executive director of the Chilled Foods Association (Atlanta). "The products arrive at the supermarket in a chilled fashion, the packages are opened and the product placed inside a display case in the deli, having already been prepared."

According to Cristol, chilled foods are minimally processed. They are cooked for a minute or two and put into a plastic package, then flushed with a gas such as nitrogen or carbon dioxide to reduce oxydation, and then quickly chilled and distributed.

"The benefits of chilled foods over frozen or canned is that the minimal processing makes the product fresher, tastier, higher in nutrients, and minimizes preservatives," says Cristol. "In essence, it really tastes like terrific restaurant food."

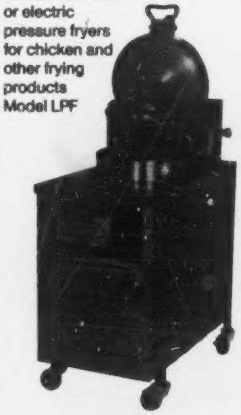
Chilled foods have not done well in the past due to distribution problems, but there seems to be a comeback. "Gas technology has become much more advanced," adds Cristol.

"With refrigerated foods you must be careful not only in terms of the way you process the product, package it, and ship it, but you have to be very careful of the way you determine its safe shelf life."

Cristol says that the shelf life of these products ranges from a week to as much as three or four weeks, depending on the individual product and its packag-

The Equipment Line That
BUILDS YOUR BOTTOM LINE
FROM BARBECUE KING

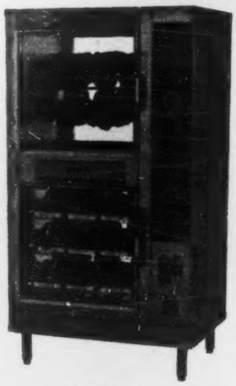
FRY KING® Gas or electric pressure fryers for chicken and other frying products Model LPF



BAKE-KING® Electric or gas bakery fryers Model DNFF

DISPLAY KING® Counter top warmer Model TW-3

BARBECUE KING® Rotisserie/ warmer for poultry, ribs, pork, beef, lamb Model LMWS



Today, you need equipment you can absolutely count on. That's why so many restaurants, C-stores, institutions and delis just say, **"BK ALL THE WAY"** when ordering kitchen or front-line appliances.

Whatever your specific needs are, **BARBECUE KING** comes through for you . . . Adding profits to your bottom line by building extra quality, efficiency and reliability into its entire line. And backing you up with menu packages, recipes, training/promotional materials and more than 30 years experience.

NOW: Call our TOLL FREE HOT LINE 1-800-458-6845 for instant information and service.

Barbecue King®
INDUSTRIES®
Standex

BK Industries is a Standex Company

Makers of premium quality BARBECUE KING equipment since 1954.

PO Drawer 40 • Mauldin SC 29662 • 803-963-3471

ing. Chilled products must be maintained at a constant temperature to avoid spoilage. If the product packaging states that it should be kept at 40 degrees, and it is actually kept in a refrigerated case of 55 degrees, the safe shelf life will be shorter. "Some manufacturers that are test marketing these products are putting in their own cases at grocery stores because of their concern for the product's reliability," says Cristol.

New technology has made chilled foods more sensible to food manufacturers, retailers and foodservice operators. The time temperature indicator, a little button right on the package, changes color when it has been exposed to a combination of temperatures at a certain time.

"If the product is supposed to be maintained at one temperature and is exposed to another, the button will change color," says Cristol. "The big advantage to instore delis is that the end result is a higher-quality product, if the operators know how to handle it correctly."

Campbell Soup Co., Kraft General Foods and Nestle Enterprises Inc. are in the stages of test marketing prepackaged, refrigerated fresh foods of this kind.

Campbell's line, Fresh Kitchen, consists of refrigerated sauces, entrees and desserts. Its packages include temperature-sensitive labels that turn blue if the food hasn't been refrigerated properly.

Kraft General Foods is also in the stages of test marketing a Chillery line of entrees, salads, pastas and desserts. Nestle is test marketing a line of upscale entrees called FreshNes.

Merchandising efforts take off

There are many merchandising aids that retailers can use to help customers, such as signage, point-of-purchase information, counter cards, I.D. tags, etc. "Consumers have to be made aware that the products are available, and we have to make sure that the consumer knows what that product is," says Levine of Manor Hill.

Russer Foods has an extensive amount of merchandising materials to aid retailers. It offers advertising and training support and even has a nutritional wheel that sits on top of the deli case. It can be referred to by both deli clerks and customers to get complete nutritional information on products.

Among the Stouffer's merchandising aids is a videotape on deli practices for hot foods. It teaches deli clerks the procedures of food handling.

Manor Hill Foods works with supermarket delis to put together books on procedures. "We've even come up with a program to develop a light case containing low-fat, low-salt and low-cholesterol products," says Levine.

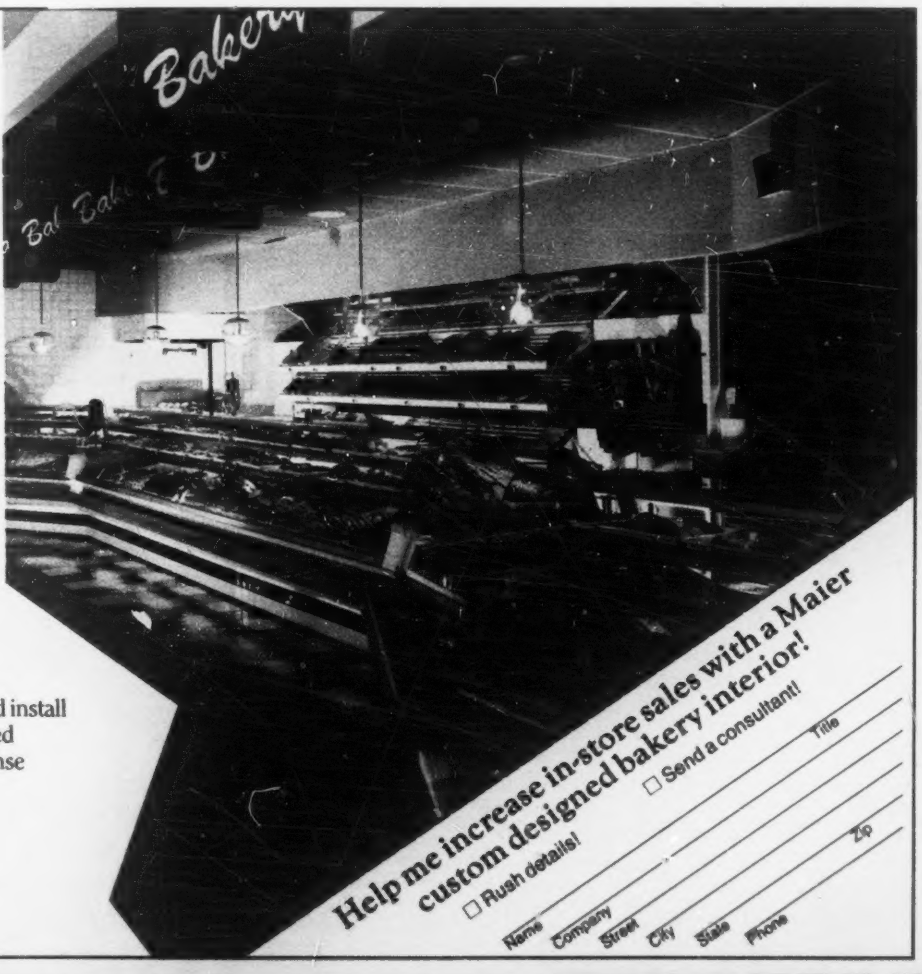
Manor Hill has also developed a special retail packaging program that saves labor costs in the deli department. "Our packaging is innovative in that it saves the deli clerk from having to scoop the product into a container, weigh it and then label it. Our salads are already prepackaged and labeled in the same kind of container the consumer would get in a deli," explains Levine.

Technology and packaging

With more and more supermarkets meeting consumers' needs for high-quality, freshly prepared foods, a variety of foodservice packaging systems

Continued on page 241

'Prepared foods, both hot and cold, keep growing in the deli, but the biggest growth is in pre-portioning.'



Maier can increase bakery sales 30%

We've done it for others. We can do it for you.

A Maier Custom In-Store Interior transforms a humdrum bakery department into a humming profit center, registering dramatic sales increases immediately!

To find how much additional profit your supermarket can expect from a new Maier in-store department, simply return the coupon or call **1-800-888-2498** today.

From concept to final detail, we design, build and install custom in-store interiors that combine sophisticated technology, quality craftsmanship and common sense with tremendous ROI!

Maier Custom Store Interiors, Inc.
427D Hayden Station Road
Windsor, CT 06095

Help me increase in-store sales with a Maier custom designed bakery interior!
☐ Rush details! ☐ Send a consultant!
Name
Company
Street
City
State
Phone
Title
Zip

SEAFOOD

Several factors have combined to stifle seafood's growth, including pollution and the negative publicity surrounding it. Industry observers blame the bad notices for the first drop in consumption since 1982.

After years of successive positive growth, it looks as if there are some rough seas ahead for the seafood industry due to increasing negative publicity and misconceptions on the part of consumers.

On the other hand, fish is increasingly available to consumers: the United States has become the largest exporter of fish and seafood products in the world, while other countries also have entered the seafood export business. And with this increased availability comes the promise of strong growth.

People are also more and more health-conscious and the benefits of fish — reduced risk of heart disease and possibly even lowering cholesterol levels — have been well documented.

"It's an exciting period," said Lee J. Weddig, executive vice president of the National Fisheries Institute, a Washington, D.C.-based association of seafood producers and suppliers, "one which will lead to seafood becoming a larger part of the diet and food supply."

Importers, suppliers and retailers have been riding the wave of increasing consumption and strong sales throughout the decade. Based on statistics from the National Marine Fishery Service of the U.S. Department of Commerce, per capita consumption of seafood in the United States had increased steadily since 1984, except for a slight dip last year.

The latest figures show that per capita consumption of seafood fell to 15 pounds last year after an all-time high of 15.4 pounds in 1987. Nevertheless, since 1982, consumption has risen 22 percent. And shrimp has been the driving force behind that growth, said Russ Byerly, vice president of retail merchandising for New England Shrimp.

According to the NFI, the top 10 seafood categories consumed in the United States are (in order): tuna, shrimp, cod, Alaskan pollock, flounder/sole, clams, salmon, catfish, crabs and scallops.

But several factors combined, including pollution and the negative publicity surrounding it, threaten to stifle seafood's growth. People are concerned about the wholesomeness of seafood. Many industry observers blame this negative publicity for the drop in consumption, the first decrease since 1982. Others fear that unless the industry responds to these forces, seafood will continue to decline.

The most frequent problem cited, and the one with the strongest impact on the industry, is pollution and the effect it has on people's perceptions about the quality and wholesomeness of seafood. The pollution factor is already affecting sales: the recent oil spill in Alaska. On the East Coast, media attention focusing on beach pollution and hospital waste dumping has raised people's awareness of the pollution problem. And, unfortunately, has led many to avoid seafood.

"Our challenge is to overcome all of this negative publicity," said Steve Osder, vice president, marketing, Conagra Seafood Companies. "This industry has a big public relations job to do." He emphasized that the industry must let consumers know that "we have a

Continued on page 144

SEAFOOD

Unlike the beef and pork industries, there is no mandated federal inspection program for seafood. Only 13 percent of all seafood was inspected last year.

fresh, wholesome product to sell."

"Adverse news reports will take their toll on consumption," predicts Byerly. "Consumption dropped last year and this year, and I expect it will continue, though not dramatically."

The NFI is actively involved in programs to help change that image. "Positive advertising campaigns will certainly help stimulate consumption," continued Byerly, "but there are other problems we have to deal with, too."

Political unrest

"No one can predict what impact the political situation in China will have on the industry," said Byerly, noting that China is the number one exporter of shrimp in the world. He also pointed to the problems in Central America, which may affect Ecuador, the second largest exporter of shrimp to the United States.

Byerly remarked that continued trouble in these two key countries can tighten the shrimp supply, inevitably leading to higher prices. Some 60 percent of the three billion pounds of shrimp consumed in the U.S. is imported, he noted.

Federal legislation

The industry has also come under Congressional scrutiny as stricter inspection measures are being evaluated. Unlike the beef and pork industries, there is no mandated federal inspection program for seafood. Only 13 percent of seafood last year was federally inspected. Presently, Congress is looking into a proposition that would require federal inspection of all seafood products.

"If such legislation is passed," said Osder, "it wouldn't affect us too much because we already live by the federal guidelines. But there are many other companies out there that do not inspect. That could mean increased seafood prices if a mandated inspection program were to pass."

Is federal inspection good for the industry? Yes, says Osder. "It's the right thing to do and would certainly benefit the industry. But since most consumers think that seafood is inspected anyway, it won't have a big impact on demand from the consumer's point of view."

The NFI is in favor of federal inspection programs, but prefers one that is based on the Hazard Analysis Critical Control Point concept. But says Lee Weddig, "The development of this system is dependent on understanding of real, not perceived problems." He notes that fish is already subject to regulation under the Food and Drug Administration (FDA). Further, state governments maintain their own inspection programs. "We would work for a new inspection program which is mandatory, but designed to meet specific problems as they exist for seafood," he continued.

But perhaps most important is that major processors, which process and market the vast volume of seafood, already subscribe to the voluntary supplemental inspection program of the National Marine Fisheries Service. "They do inspect plants. They do inspect products. They do monitor imports. They do test for pesticides," said Weddig.

As a result of these industry efforts for a uniform program and in response to pressure from consumer groups, some sort of federally mandated seafood inspection is right around the corner.

"I suspect we are looking for it to pass in 1990 with about three or four years for implementation," said Byerly. "If it does pass, it may mean increased prices again as costs go up for suppliers."

One way the industry is looking to accomplish just that is through stepped-up education efforts. One of the best ways to get the message across is through a national advertising campaign. Another is increased education and stepped-up merchandising programs for retailers, those on the front lines of product delivery.

Congress has appropriated funds for a national advertising campaign. "That should help stimulate sales," said Byerly. "On the other hand, I know that such funds are limited."

Supermarkets come on strong

Supermarkets and other retail operations can play a big role in educating consumers about the options seafood offers. Not only is seafood a wholesome, fresh product, it is nutritious and fits in with today's trend toward reducing red meats and fats from our diets. Seafood merchandisers have to capitalize on these trends if they are to help boost seafood sales even further.

"Supermarkets have come a long way in terms of their investment in seafood," said Hank McAvoy, marketing development representative for the Florida Bureau of Seafood Marketing. "They are getting the training they need and have tighter quality control measures and buying specifications." Seafood is a growing market and supermarkets are picking up on the opportunities it offers.

McAvoy knows firsthand of the efforts supermarkets are taking to improve and diversify their lines of seafood through his work with the Food Marketing Institute (Washington).

"We have been going around the country giving seafood seminars once a year. The next one is September 24-27 in Tampa, Fla."

The Florida Bureau of Seafood Marketing has set up several local training programs for retail store employees as well. "We cover everything from inspection, integrity, hazards, sanitizing, merchandising, in-store processing, how to break down a case—everything," said McAvoy.

Merchandising seafood

There are several things retailers can do to merchandise seafood more effectively.

For instance, Byerly, who was previously associated with Kroger, reports that Kroger had a program in place which included recipe racks and videos demonstrating ways of preparing seafood. "These kinds of programs can make a difference. The consumer is looking for exactly this kind of information," he remarked.

McAvoy says that product presentation also has a lot to do with sales of seafood. "People are concerned about freshness when they see only a little bit of product in the case," he said. But, there are many ways to make a little look like a lot. "We try to show them how to show off seafood in such a way as to draw in the consumers. We teach them how to attract more attention to their big movers and how to avoid shrinkage and waste."

Another important thing that retailers learn at these seminars is to grab their customers' attention with instore displays on cooking, complete with free and tasty samples. "We have a home economist come in and put on a one-hour demonstration on how to cook seafood. Even some of the workers perceive seafood as being difficult to cook. We're working to change that perception," continued McAvoy.

The Bureau also tries to teach retailers about the support and educational materials that are available from their state and

Continued on page 146

grainware...
YOUR BEST
CHOICE IN
THE DELI
OR BAKERY

DeliWare™
for:
- Bakery
- Deli Foods
- Seafood
- Meats

Call or write for
the better choice
in DeliWare™

grainware™
2600 N. Pulaski Rd.
Chicago, IL 60639-2197
312/489-2600

Grainware has put it all together for you. Platters, crocks, trays, domes and serving accessories. Everything you need to enhance presentations and promote customer appeal. What's more...all DeliWare™ products are of break resistant materials and solve the problem of crack, chip and splatter often experienced with ceramics. Now that's ECONOMY!

TOMLINSON
DELUXE
FRONTIER
KETTLE

The Best You
Can Buy

The unique Tomlinson Deluxe Frontier Kettle is the finest soup/hot food merchandiser on the market . . . now with these exciting new features:

- Faster heatup, now 1,250 watts, is ideal for frozen soups, too.
- Exclusive easy-to-clean hinged lid.
- New side-mounted clip for product cards.

It all adds up to genuine Tomlinson quality. Nothing else comes close.

Tomato Soup

tomlinson

TOMLINSON INDUSTRIES
Melco Products Division
13700 Broadway
Cleveland, Ohio 44125-1992
PHONE: 216/587-3400
TELEX: 985409 Tomlinson GHTS
FAX: 216/587-0733

SEAFOOD

Supermarkets and other retail operations can play a big role in educating consumers about the options seafood offers.

Continued from page 146

federal government. "There is a lot of good material out there," he added. "There really is quite a bit going on to help retailers in this industry."

The NFI also produces some top-of-the-line educational and merchandising aids. One series of videotapes is specifically for retailers and covers everything from seafood management to merchandising.

Other tapes, Simply Seafood and The Easy Gourmet, are point-of-purchase videos designed to teach consumers how to buy, store, prepare and serve seafood. For instance, one tape in the Easy Gourmet series addresses white meat fish, particularly cod, haddock, flounder and sole, and orange roughy. Others focus on shellfish, steakfish and light meat fish. Recipe brochures are also offered. All of these products are available through the National Fisheries Institute.

Microwavable fish

There is a new market that seafood processors are looking to capture as well. The number of dual-career couples is on the rise, creating a need for easy-to-prepare and affordable dinners. Processors know that microwaves are in practically every household by now and that number is expected to grow. These trends are not lost on merchandisers as they work on developing new products.

"Some 65 to 70 percent of households in this country own a microwave," said Byerly. "Fish microwaves very well because it doesn't require browning. With the increasing time pressures we face, fish is easy to prepare, and healthful."

Osder reports that his company is always looking to develop new products and although he wouldn't reveal anything in particular, he did seem excited about the future of the industry.

McAvoy predicts that seafood will continue to grow, perhaps at a slower pace than before, but grow nevertheless. All in all, the seafood industry is in the midst of some important changes that could stimulate seafood sales and improve its image as a fresh, wholesome product in the eyes of the consumer.

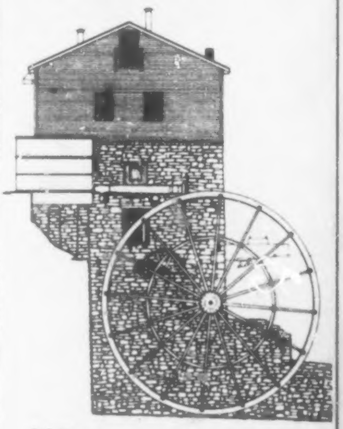
A mandatory federal inspection program could ease consumers' fears about the quality and safety of seafood. A media campaign that stresses the health benefits fish offers in conjunction with increased availability also means greater opportunities for the industry as Americans continue to add fish and seafood to their diets.

There are other social and demographic factors at work that could sustain the growth in per capita consumption we have experienced throughout this decade, such as our concern with nutrition and physical fitness, increasing affluence, the demand for convenient and easy-to-prepare foods, the entry of more women into the labor force, smaller households. But the best news of all for retailers is the high margin that seafood provides.

To help fuel this growth, seafood marketers will need to develop and provide the consumer with the proper tools. Those tools are available and seafood merchandisers are putting them to work.

—SANTIAGO MONTERO

PRESERVATION
PLAN ON IT



Write:

National Trust
for Historic Preservation
Department PA
1785 Massachusetts Ave., N.W.
Washington, D.C. 20036

BABY NEEDS

At the dawn of what is expected to be a renewed baby boom, the baby needs category is already showing renewed growth. However, competition is fierce among a handful of dominant suppliers.

Baby needs are showing continued growth, mostly on the strength of new products directed at more defined customer bases. However, the rate of growth needs to be viewed against the size of the market: Infant formulas represent a $1.5 billion industry; disposable diapers account for another $3.5 billion.

In the last 12 months there have been major new developments, particularly in infant formulas, baby foods and diapers. Baby food giant Gerber, which controls 70 percent of that market, recently announced a joint venture with Bristol-Myers to market an infant formula, a market segment in which it is presently not represented. Some believe it might threaten industry leader Abbott Laboratories, maker of Similac, which owns a 55 percent share of the formula market. Nestle's Carnation, meanwhile, is struggling with a variety of challenges surrounding its Good Start and Good Nature brands, initially marketed as hypoallergenic, and which combined, analysts estimate, have captured only a two percent share.

At the same time, Heinz has attempted to achieve deeper penetration into the U.S. baby food market, but has been dogged by several product tampering incidents both here and in Great Britain.

In diapers, Procter & Gamble announced it would underwrite a five-year study of recycling and biodegradability issues surrounding disposable diapers, an issue that started to heat up among environmentalists and lawmakers. The project is expected to cost millions.

In the meantime, P&G, whose Pampers and Luvs control a combined 49 percent share, and Kimberly-Clark, whose Huggies have 30 percent, have sought a variety of product improvements in an effort to ward off challenges from some of the feisty private label makers. Weyerhaeuser, which makes private label diapers, has won a 10 percent share of the market and is currently rumored to be considering an entry with a nationally branded product, a prospect it is vague about.

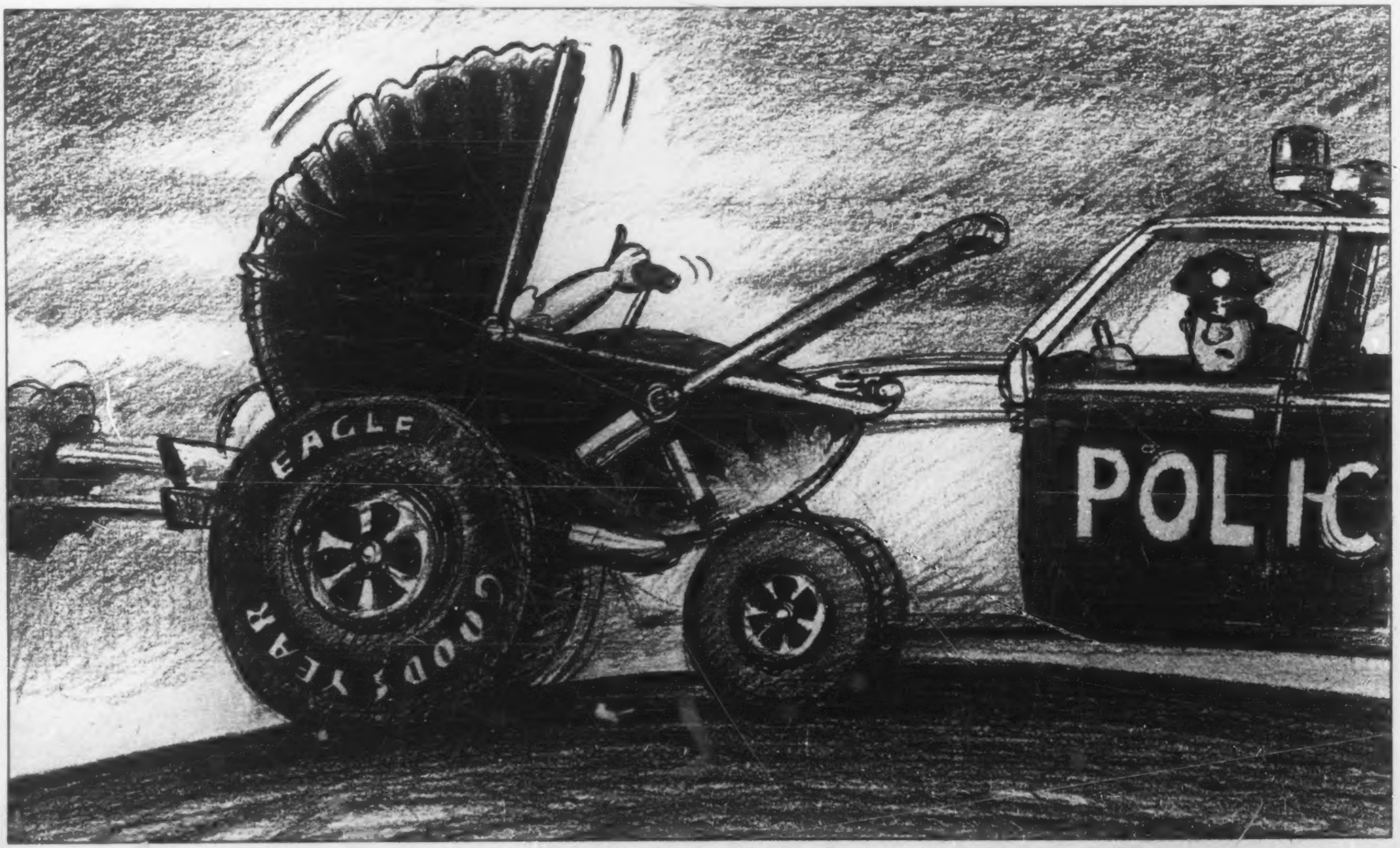
Gerber's Baby Formula is slated to be introduced in September.

Under the marketing agreement, Gerber's name will be used and it will sell the product, while Bristol-Myers will manufacture it and be responsible for quality assurance. Bristol-Myers has been a producer of infant formulas since 1911.

Perhaps making the arrangement even more unusual, the companies will advertise the product directly to consumers, while continuing to emphasize the desirability of breast feeding. The product will be available in both regular and iron-added formulations in 13-oz. cans of concentrated liquid, 16-oz. cans of powder and 32-oz. cans of ready-to-use liquid.

Gerber and Bristol-Myers' entry comes only a few months after Nestle's Carnation Co. suffered a key setback and embarrassment in its own formula effort. Facing a mounting controversy, the company announced it would drop the word "hypoallergenic," appearing on the front of its Good Start, H.A. infant formula. That decision came on the heels of inquiries about the claim being made by the Food and Drug Adminis-

Continued on page 154



BABY NEEDS

Competition in the diaper business has been sharp, garnering not only price increases among premium brands, but cost competition among the private label makers.

tration and in several states after reports that some infants allergic to regular formulas had reactions to Carnation's product.

The company said it was removing the label to avoid "confusion" over the meaning of the word; which it said merely means a reduced potential for reactions. The decision can only hurt Nestle's chances of capturing a significant share of the market. The product was introduced in November amid fanfare it would aid in a myriad of infant formula problems, with babies commonly allergic to cow's milk.

Gerber's entry into the formula segment enables it to claim the ability to feed infants from birth to toddlerhood.

'Exotic' cereals

"We're also seeing some similar movement by Beech-Nut to segment its lines," says Rick Golden, buyer at Waldbaum's (Islip, N.Y.). But he also notes that Gerber is moving ahead with the introductions of several "exotic" flavors in microwavable cereals, such as mango and banana and broccoli and carrots with cheese.

Gerber also introduced a line of single-serve applesauce as well as fruit juices in family size bottles.

The company, which exceeds a 70 percent market share in baby foods, has reported consistent quarterly increases in sales and unit movement ranging from seven percent to 24 percent.

"The category is doing respectably well and is up slightly," says Bruce Anderson, buyer for Harris Teeter (Charlotte, N.C.). "We've been running baby food and formulas in our ads with some tie-ins to Baby Week, where we also run diapers in conjunction with the ad."

Anderson says although there's much talk about a renewed baby boom, he's seen no discernible evidence of it. Yet sales are rising out of what he believes to be the changing needs of mothers, many of whom are working.

Gerber plans adult foods

At the other end of the age spectrum, Gerber has indicated it will use its name recognition to begin marketing a line of adult foods, tentatively planned for test by the end of the year. "They're going to be introducing a line of puddings directed at an adult market," reports Bill Hamm, merchandise manager for Super Rite Foods' Food-A-Rama Stores (Randallstown, Md.).

He says the line is slated to be tested, at least in part, in convenience stores.

Hamm is one of a number of merchants who look to Gerber almost exclusively for baby foods. As his company has acquired other retailers, Hamm says it's been common for him to place a Gerber program in the stores.

"The fact is that when you talk about baby food, although there are other companies, you have to think about Gerber," Hamm says.

Hamm notes that Heinz will also be following the Gerber First Foods success with its own version of staged product.

But as Heinz has sought to find a way into the U.S. baby food market, it's struggled with two tampering cases in the U.S. and another in the U.K. Arrests have been made in the separate U.S. cases, in which a 15-year-old boy and 42-year-old babysitter were charged.

In the meantime, the company's baby food has begun to sell successfully in some regional markets, particularly in the West.

According to one buyer of a northwestern chain, Heinz has also loosed some marketing and promotional funds for efforts at the local level.

"The category overall is doing fairly well, although I'd be somewhat surprised to see it grow continually," he notes. "In our market there's also been an introduction of an old familiar line, with Beech-Nut coming out with a slightly different line than Heinz, which should help develop some incremental sales."

In disposable diapers, Procter & Gamble is trying to find ways to recycle and compost diapers, and is spending millions of dollars on the effort. Working with a variety of city and private concerns, the company is underwriting the attempt at washing the diapers and reusing them in other products.

Testing other diaper uses

Some of the uses to be tested include flower pots and plastic garbage bags, as well as cardboard boxes, fertilizer and insulation. The company is also studying how long it takes diapers to disintegrate in landfills and is working on what it hopes will be a biodegradable diaper.

All of this comes about as diaper manufacturers face increasing pressure to ease what many consider to be a developing crisis in the nation's overused landfills.

"Biodegradability is becoming an extremely important factor," notes Noel Caron, buyer for Almac's (Providence, R.I.).

The P&G effort has also been met with a challenge in the form of a commitment from Cotton, Inc., to develop a disposable diaper made of all cotton components, which would break down much more easily after disposal.

Competition in the diaper business has been sharp, garnering not only price increases among premium brands, but cost competition among the private label makers.

But disposables are clearly here to stay.

"Consumers are less and less willing to go to cloth diapers, just from a convenience standpoint," says Steve Applebaum, buyer at Rainbow Foods (Hopkins, Minn.). "Now it has nothing to do with how well off they are economically. Even people who can afford the diaper services often prefer to use the disposable."

The copycat syndrome

Moreover, as their two largest makers have found ways to improve their products, generally at considerable research and development expense, the private label manufacturers have found ways to mimic the improvements almost immediately.

But the copycat syndrome is a two-way street. Both P&G and Kimberly-Clark have tested lower-priced versions of Pampers and Huggies, respectively.

That the market is being continually segmented is perhaps best shown with recent introductions from Luvs, according to Bill Curran, buyer at Faraway Stores (Boone, Iowa). Luvs came out with a boy and a girl diaper that are basically the same item differently colored.

"The merchandise is promoted very competitively, not only by the manufacturer but by the retailer," he explains. "There is some brand loyalty. Usually, whatever brand they start with they tend to stay with, at least for a little while."

In the meantime, Kimberly-Clark has extended its outlook beyond diapers with the introduction of Huggies Pull-Ups, disposable training pants. They're being introduced first in Arizona, Colorado and parts of Wyoming with distribution to be expanded gradually after that.

—BRENT FELGNER

BAKED GOODS

Baked goods suppliers are seeking changes in the formulation of their products, both to retrieve a dwindling customer base and to compete more strongly with instore bakeries, many of which portray an image of health consciousness.

Faced with increasing consumer consciousness about cholesterol and its offending ingredients, a growing number of baked goods suppliers are pressing for changes in their products' formulation.

The effort is directed at re-enfranchising the dwindling customer base lost over the adverse publicity concerning the so-called tropical oils, such as palm oil and coconut oil. To some extent, too, it's directed at competing more effectively with the success enjoyed by many instore bakeries, many of which have effectively portrayed an image of freshness and health consciousness.

The issue, perhaps, is best illustrated through the observation of one shopper's experience. The shopper, a man in his late 30s, spent more than 10 minutes in the cracker aisle of his supermarket recently, only to walk away somewhat befuddled. Intently studying the ingredients labels on some of his favorite cracker brands, he picked up a box of each several times, read it, then replaced it on the shelf.

Alternately, he picked up boxes of wheat thin-type crackers, read them and moved on also.

"The brands I like are loaded with palm oil and if I brought them home, they'd get chucked," he explained. "The others are low in cholesterol, but to tell the truth, I'm not that crazy about them. I'll probably just get some fresh vegetables to snack on."

Driving the market

Whether the shopper's experience is the norm—or not—suppliers have driven the market with a spate of reformulations, line extensions and new product introductions.

Sunshine and Nabisco are generally credited with leading the way. For example, Sunshine has reformulated and introduced a variety of new items without tropical oils, once common in most crackers. Nabisco is following suit, at the same time driving the cookie category with items such as its Double Filled Oreos and, most recently, the introduction of Chips Ahoy Selections.

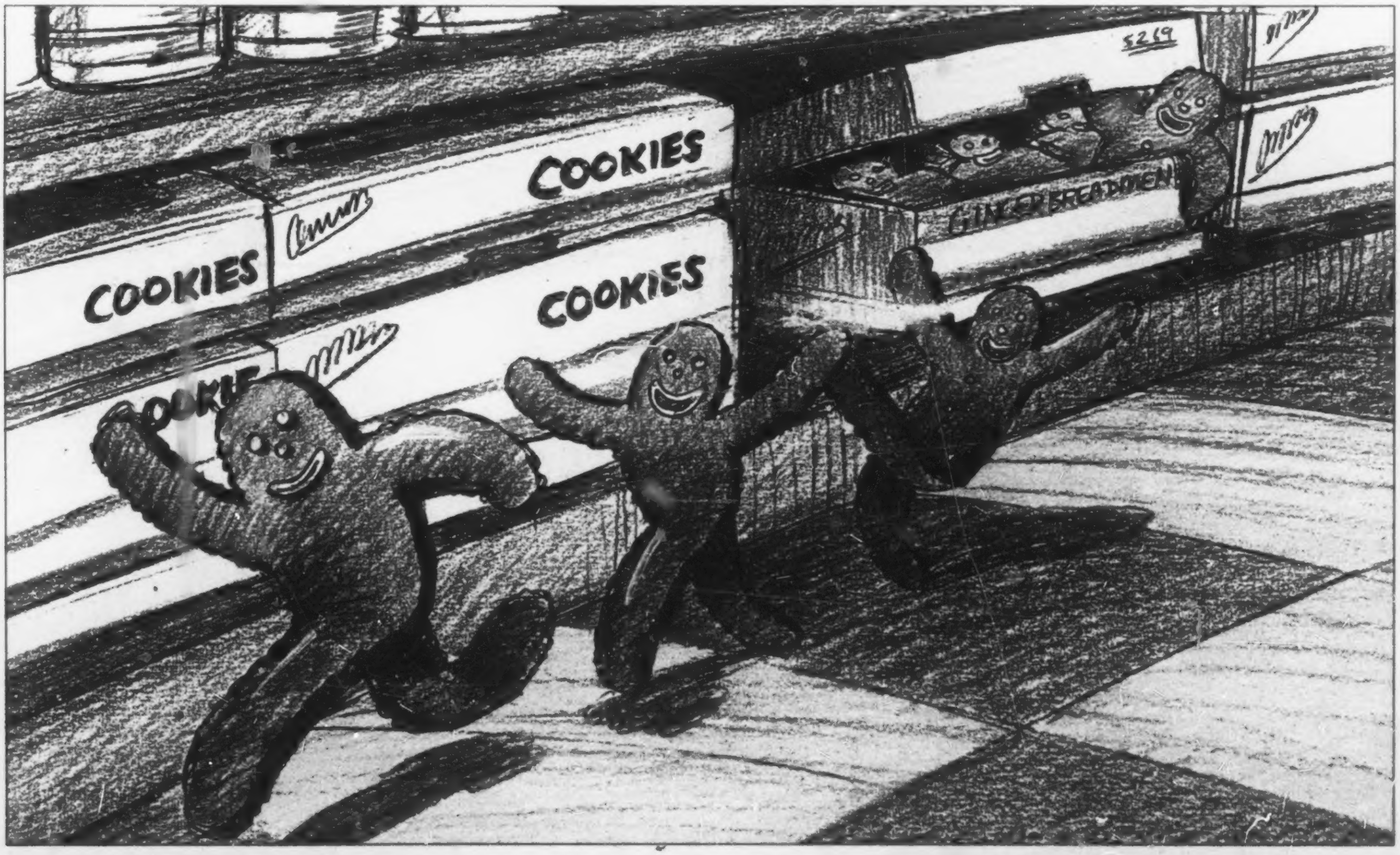
Selections are being sold in three varieties: Chunky Chocolate Chip, Chocolate Chocolate Chunk and Chocolate Chunk Pecan. Nabisco is supporting the introductions with an FSI program sporting a 75-cent coupon.

Despite the drive into new items, supermarket buyers are at wide variance with each other on the category's overall performance, offering reports ranging from sales being stable to up slightly. Their rationale for that performance also varies.

"I think the category (in terms of real growth) has been pretty flat overall, but it's hard to judge because Keebler has come out with so many new products that they're filling up the pipeline and winning an advantage," says Terry Stadheim, grocery buyer for Hughes Markets (Los Angeles). "Sunshine also began reformulating its products during the last year, taking out the fat. They've done a pretty good job of lowering the cholesterol in most of their products."

Of particular note are Keebler's Magic Middles chocolate-filled cookies, which have an

Continued on page 157



BAKED GOODS

Despite the drive into new items, supermarket buyers are at wide variance with each other on the category's overall performance.

adult appeal, as well as Sunshine's Whole Wheat Crispy Crackers. Other lines are following suit, Stadheim says.

Competitive overlaps

While many buyers deny any competition between the packaged goods and the instore bakery, Stadheim says there are some overlaps where one draws sales from the other. That's especially true in the soft cookie segment, where national brands have actively sought to compete with the fresh baked products.

Despite that, Hughes will continue to drive its instore bakery program, commonly adding the department as its older stores are remodeled. While the bakeries are located along one of the sidewalls of the stores, the packaged goods are typically shelved in one of the center traffic aisles in an attempt to capitalize on their impulse value.

Publix Supermarkets (Lakeland, Fla.) is operating a total of 314 bakeries in its 363 stores, an indication of the chain's continuing commitment to the department, according to Bill Schroeter, vice president.

Schroeter reports that packaged cookies and crackers, however, are continuing to show steady gains, as they have over the last three years.

"We feel cookies and crackers are doing an outstanding job," he says. "In particular, Nabisco's Ritz Bits Peanut Butter crackers and Teddy Grahams are both new players on the scene and are showing exceptional movement."

Schroeter says that the instore bakery and packaged goods remain complementary to one another, with the bakery consumer still tending to be more concerned with freshness and ingredients. That would seem to be an indication that the changes in the packaged product haven't yet fully penetrated the marketplace.

Hot trade deals

In addition to driving the category with new product introductions, manufacturers have been pressing hot trade deals in many cases, according to Harvey Whitson, buyer for Furrs (Lubbock, Texas).

"Many of our suppliers have become much more promotionally aggressive, particularly in crackers," Whitson offers. "As a result, we tend to be more aggressive in promoting the goods at better prices to the consumer, generally running temporary reduced prices instore.

"We don't advertise it that much since there's a lot of impulse buying in the category."

Whitson notes that the emphasis on health continues to be a major factor, accounting for the success of the Stone Wheat Crackers and oat bran products currently finding their way to the shelves. Yet some merchants remain cautious about the trend, preferring to take a wait-and-see approach.

"We've seen some very innovative developments in the production of the low-cholesterol items, with many companies taking more of a health food approach to the business overall," says Ed Rhinegrover, vice president, perishables, Preston Safeway/Indiana Grocery (Indianapolis). "But the jury is still out on whether that becomes, from a sales standpoint, an important commodity. There's a lot of attention in the industry on whether the customer is really saying they're interested, so we're being very careful."

Cyclical performances

Yet the category's performance has been cyclical, according to Rhinegrover, with individual segments almost taking turns in driving the growth. For example, he reports bread and rolls are currently flat while cookies and crackers ar grabbing most consumer attention.

A product called Frookie Cookies—pressing the healthful ingredients issue—is currently capturing the lion's share of attention in the market, he says, adding that it might also be as much a function of the product's different-sounding name and packaging.

While new products and line extensions have undoubtedly helped drive the market, the chain is also finding itself at odds in terms of finding adequate shelf space. In response, the retailer has begun prodding its salesmen to suggest items, including their own, that should be discontinued from the inventory.

"That puts a little more objectivity back into the approach of many suppliers," Rhinegrover explains. "It goes without saying that when you have so many new items coming into the market that you're going to start cannibalizing some existing lines."

Despite the new product pressures, he cites Keebler as having one of the most consis-

Continued on page 202

C³ and scanner data. To us, it's more than just counting beans!

Campbell's
PORK & BEANS
IN TOMATO SAUCE

Sales data? Your scanners talk our language. And we'll help you translate those numbers into shelf sets and merchandising programs to boost volume. For other profitable ideas, scan the Marketing and Communicating sections of our new C³ Campbell Customer Care Brochure, yours for the asking, when you call 1-800-257-8443.

Campbell Customer Care.
The something special in every case.

Campbell's

BEER

Budweiser may be number one, but Coors Extra Gold and Miller Genuine Draft are set to challenge the champ of the premium category.

Are those yuppie days of yore behind us? Will Joe Sixpack again take his place among the pantheon of American heroes? Or are consumers just sick of paying more for a 12-pack of foreign passport-sporting suds than they pay for a case of brew born in the U.S.A.?

Whatever the case, with foreign beer sales flat and several successful introductions notched by American brewers, it looks as if growth in the beer category will be driven by domestic sudsmeisters for the foreseeable future.

According to Miller Brewing, success in the market-leading California region should spell continued growth for its Miller Genuine Draft.

Regionality is still important in the beer business, says Beverly Jurkowski, a Miller spokeswoman. The brewer designs much of its marketing to win penetration of "impact markets," which tend to drive trends. Currently, a marketing campaign for Miller Lite targets Atlanta, where the beer suffers relatively low sales. If Miller can establish a presence in travel destinations and key regional communications centers such as California and Atlanta, it can generate national attention, she says.

"The challenge falls on the marketing people," says Jurkowski. "Wherever we feel we can penetrate, we're going to look to make an impact."

As opposed to many foreign beers, Miller, for the most part, is avoiding an upscale image for its draft entry. Rather, it appeals to more or less the same beer drinkers Heineken targeted with a recent round of yuppie-bashing advertising. As many companies have begun to notice, *thirtysomething* doesn't ideally reflect the majority of baby-boomers, and *Roseanne* and *Cheers* fly higher in the Nielsens.

"Miller Genuine Draft is going after the day in, day out premium beer consumer, not the one who wants to trade up," says Jurkoswki. "We support our brands with promotions, which is important in putting beer into shopping carts. Imports put less support behind their products, therefore, supermarket customers are less likely to pick them off the shelf than they are in on-premise situations, where there is more social pressure."

Of course, this sets Miller Genuine Draft on a collision course with premium category leader Budweiser—which alone accounts for one out of every four beers consumed in the United States. But Jurkowski believes that the competition can hone the marketing skills of all the players and generate excitement which, in turn, translates into more trials and a bigger pie for premium beer makers to split.

"Our objective is to put as much muscle into the premium market as possible," says Jurkowski. "The new products are probably bringing more excitement because they offer consumers a wider choice of quality products."

But competing with Anheuser-Busch, even on a regional basis, is no easy matter. And, in spite of renewed competition from the other major breweries, Anheuser-Busch continues to drive beer marketing. Said an executive of one southeastern wholesaler, "We run package promotions all the time. They're pretty much dictated by Anheuser-Busch. They just say, 'This is the promotion

Continued on page 160

BEER

Competing with Anheuser-Busch, even on a regional basis, is no easy matter. And, in spite of renewed competition from the other major breweries, Anheuser-Busch continues to drive beer marketing.

we want to work in the region.'"

While Extra Gold is Coors's shot at the premium market, its light offering has been on target for the last few years and is the brewer's growth leader. Coors Light, a.k.a. the Silver Bullet, has been hot on the trail of Miller Lite across the country and is a market leader in parts of the West. Coors, in fact, has set plans to challenge the leaders in every major segment of the beer market.

"We see some tremendous upside for (Coors Light) as the light segment continues to grow," says Rob Klugman, Coors's vice president of international marketing and development. "Also, Miller Lite is still the dominant factor in volume, in that segment. We continue to see Miller Lite as an aging brand. We think the upside there for a brand like Coors Light is quite significant."

Meanwhile, Coors Extra Gold, another entry in the newly burgeoning draft beer category, is establishing itself in the minds of consumers with strong marketing support. "Coors Extra Gold became a million-barrel brand last year, it's first year of national existence. I don't know if there's any magic about a million barrels, but it is like being a .300 hitter in our industry."

Coors's newest initiative is aimed at the discount beer market, where leaders such as Old Milwakee, and, on the more upscale side, Strohs, have had sporadic success and problems. The category has been volatile for years and Coors thinks a brand associated with a major brewer may have a chance for stable, consistent growth. The new brews, Keystone and Keystone Light, were scheduled for release September 11.

"There are two related reasons for our doing this," says Klugman. "One is, we believe that to be a major brewer, it is necessary for us to compete in all sizeable and viable segments. Clearly, subpremium is one such segment. Second, we're seeing a lot of volume fallout. A brand in that area realistically could be expected to pick up some of that fallout."

In the superpremium category, where brands like Michelob have stumbled in recent years due to competition from imports, Coors is stepping up support for its Killian's Red brand. Klugman says that a number of factors in addition to U.S. premium beer introductions are creating a slowdown in the import category.

"For the first time last year, import products showed a market slowdown," says Klugman, "and they're down year-to-date this year. There are a lot of contributing factors. The relative weakness of the dollar has caught up with a number of importers, who for a while tried to absorb the price problems they were having. To some extent, the smaller brands the major brewers are producing and marketing and some of the products the microbreweries are producing are showing American consumers there are options to imported products."

According to Klugman, the increase in competition among American markets has been received cheerfully by supermarkets. "For instance, they've applauded Bud Light and Coors Light becoming major challengers to Miller Lite. The trade, of course, doesn't want to be married to any single brand that dominates a category or segment."

Dry takes the stage

But while the competition increases the heat on Anheuser-Busch, the number one beer maker remains cool and becomes even drier. When the dry beer category exploded in Japan, suds speculators wondered if the trend would extend across the Pacific. After all, they pointed out, Americans have different tastes in beer. And there have been dry beers in the U.S.—remember Rheingold—that have come and gone. And what is a dry beer anyway, they asked, and expected consumers to ask.

In spite of warnings that an American dry beer could become the biggest flop since the Edsel, and the deepest public embarrassment since they tried to update Coke, Anheuser-Busch went ahead and introduced Michelob Dry.

Some people in the beer industry give the introductions high marks for ingenuity. Michelob's problems were well-known. So, Anheuser-Busch managed to introduce a novel, upscale product with a nationally known brand name, without initially risking damage to its main trademark, Budweiser.

"Michelob Dry did very well," Klugman observes. "Some of that, perhaps was trade-off from the rest of the Michelob franchise, but probably very acceptable cannibalization. Right now, Michelob is the dry category in the U.S., and it will be interesting to see, with the advent of Bud Dry, whether the dry category remains as an interesting specialty upscale product, or if it becomes a mainstream product in the United States."

Coors's close business relationship with Asahi, a Japanese brewer that was key in development of the dry category there, gives it a shortcut into the market if the dry beer gains broad acceptance here. For now, as Anheuser-Busch prepares for the national rollout of Bud Dry, Coors waits and watches—closely.

According to Anheuser-Busch, the challenge in developing Michelob Dry was finding a taste that was both new and acceptable to American beer drinkers.

"Our interest was to bring a new taste spectrum to our customers," says Bob Goughenour. "Michelob Dry is brewed for a different array of characteristics: a bold taste, with no aftertaste and refreshing flavor."

He says that American brewers, with 95 percent of the market share, don't have to compete with foreign brewers. Rather, they have to keep in mind the desires of typical American consumers, who, across a broad range of food and beverage products, have spent more and more money on light products. While some consumers like the heavier, richer characteristics of foreign brew, American beer drinkers have shown a preference for an incredible lightness of brewing.

In fact, Goughenour compares what is happening in the dry category with what has happened in the light beer category, where domestic brewers are clearly dominant. He credits the success Corona has enjoyed in the U.S. to the very attributes that occasionally cause beer critics, connoisseurs and the like to chide that Corona has a mild, undistinguished flavor. That light taste probably was a major factor in the beer's success, says Goughenour.

But no one needs to worry that Americans are becoming a country of isolationist beer drinkers. Foreign beers remain

Continued on page 236

CANDY & GUM

Americans consumed almost 20 pounds of candy per person last year, the highest rate since 1945. Obviously, candy is certainly not kid stuff—but supermarkets could do more to promote it than they're doing, say the experts.

No longer should candy be viewed as kid stuff.

The average American consumed 19.5 pounds of candy in 1988, according to the U.S. Dept. of Commerce, as compared to just 16.1 pounds as recently as 1981. To find a significantly higher rate of consumption, one must go back to 1945—the year sugar rationing ended—when the national average was 20.5 pounds per person.

"The U.S. is finding out that candy isn't bad for you. It's actually quite good for you; it gives you energy," says Salvatore Ferrara II, president of Ferrara Pan Candy (Forest Park, Ill.). "Sugar in moderation is good for you. It won't rot your teeth, contrary to belief.

"If you brush your teeth regularly, they'll be fine. Our kids eat more candy than we ever did. I've got three chil[illegible] 1, 8, and they live at th[illegible] They have no cavi[illegible]

Ferrara's compan[illegible] lished by his grandfath[illegible] 1908, continues to thrive, and is a mirror of a booming $12 billion candy industry. Major and rising players alike project continued growth and a myriad of promotions in the near future.

Aggressive marketing seen

Whitney Hill, trade relations director of M&M/Mars (Hackettstown, N.J.), envisions aggressive marketing throughout the industry. "There will be a real fight by several of the big people," he states. As an example, he cites Jacobs Suchard/Brach's (Oakbrook Terrace, Ill.) as "a pretty aggressive company. We expect them to be very active in their marketing approach."

However, at the opposite end of the spectrum, Hill believes supermarket chains aren't taking maximum advantage of merchandising opportunities in confectionery. "A lot of supermarkets promote three times a year—Halloween, Christmas and Easter—when they could be doing more," he says. "There is potential merchandising that isn't being done.

"Supermarkets have an edge. Consumers are in there two or three times a week. They are there before they reach the discount stores."

For M&M/Mars, which ranks second in total candy sales, new developments include the introduction of the Bounty bar, with coconut and milk or dark chocolate, on a national basis. Previous distribution was limited to the East. "It's a superior product," says Hill. "We think we've found a niche where the consumer demand wasn't being met."

The company is test marketing PB Max, a peanut butter bar with a cookie base, in northern Wisconsin and central Illinois. The product, Hill claims, represents "a manufacturing breakthrough in technology because it stays very moist." M&M/Mars is also testing peanut butter M&Ms in Macon, Ga.

Another prime example of innovative marketing is Leaf, Inc. (Bannockburn, Ill.), which has conceived "Instant Music Money" to promote its best-selling candy bars, PayDay, Clark, Zero, Heat and Zagnut, along with Whoppers and Milk Duds. More than 54 million on-pack coupons will offer $2 discounts on records, cassettes and CDs at Musicland and Sam Goody stores.

"We're targeting the two

favorite pastimes of teens—listening to music and snacking—in this fourth-quarter promotion," says Tom Giglio, Leaf's director of promotions. The company is planning an introductory ad in the October 15 issue of *TV Guide*, the nation's best-read publication, and "heavy network radio buys." An "Instant Music Money" floor stand display will provide instore impact for supermarkets.

Additional brand awareness will be built in October through a "buy-one, get-one-free" coupon giveaway at the music stores. A mail-in refund offer will be made available to consumers not serviced by the Musicland/Sam Goody stores.

Leaf, also a sponsor of major league baseball, recently completed a local sweepstakes, bat boy/girl promotion with the 24 clubs in the U.S. Eighty winners in each market received four tickets to a home game, plus a baseball, bat and jersey.

Brock's Candy Co. (Chattanooga Tenn.) is anxiously awaiting the 1990 Valentine's Day season when it will introduce a product called Sizzle. Designed to resemble a man's tuxedo, it will be packed in a heart-shaped box. "It may appeal to the ladies who are buying for the gentlemen in their life," says a hopeful Linda Sharp, sales promotion manager of this leading gummy products manufacturer.

"We believe it will compete with what a few other companies are doing," she adds. The suggested retail price, although not yet firm, will "be established under $10."

Displaying ingredients

One of the major trends within the industry, according to Sharp, is the listing—and ofttimes prominent display—of a product's ingredients on the packaging. "The consumer is looking for that," she states. "People are more health-conscious today; they're paying more attention to what they're eating. We're putting the ingredients on our packaging."

After spending the past year streamlining and relaunching its jelly candy line, Jacobs Suchard/Brach's is focusing attention on it chocolate products. The company, which is the nation's top non-chocolate candy advertiser, ranks third—albeit a distant third—behind Hershey and M&M/Mars in total sales.

"We retained the top 20 percent of our variety of jellied candy, which helps the store owner by keeping the most fresh products on the shelf," explains Terri Kaminski, manager of public relations and public affairs.

Zurich-based Suchard, which purchased E.J. Brach two years ago, has reduced an unwieldy jelly candy line of 1,500 SKUs units to 500, and may get that down to 350 eventually.

According to Kaminski, Brach's is in the process of decreasing its chocolate line and is also completing new packaging. Packaging changes are being contemplated for its Andes line of chocolates, she says, "to give it more of an upscale look."

For Halloween, Brach's is offering the consumer a free Eveready Halloween safety flashlight with the purchase of any three Brach's Halloween or back-to-school candy items.

Nestle Foods Corp.(Purchase, N.Y.) placed many of its promotional dollars behind "Wheels Across America." The project features Bill Duff, a 26-year-old paraplegic from Austin, Texas, who "is wheeling 4,700 miles to raise money for the Miami Project to Cure Paralysis," explains Linda Gavlick, manager of chocolate public relations.

Duff, who was injured in an auto accident, left Los Angeles in January and finished in New York on June 28. Gavlick adds, "The Nestle Crunch Van followed Bill's Tour."

The company sponsored other charitable events, too, including a wheelchair basketball game in Indianapolis (May) and the Nestle 5K Run in St. Louis (April), and has a "wrapper redemption" program in place with the Boys and Girls Clubs. Each Nestle Wrapper turned in is worth 10 cents.

Nestle S.A. acquired Rowntree Mackintosh, a British company, in 1988, placing it in position to offer After Eight Mints and Demets Turtles in the U.S. The company is engaged in regional testing with Twissics, a product described as "crispy, bite-sized milk chocolate twists."

'A lot of supermarkets could be doing more merchandising. They have an edge—customers are in there two or three times a week.'

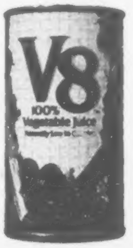
The U.S. sales leader in confectionery products, Hershey Chocolate (Hershey, Pa.) rolled out its Fifth Avenue candy bar nationally in recent months, report Carl Andrews, public relations manager. Distribution had been limited to New England and the Mid-Atlantic states.

The company also achieved national distribution with its "BarNone" candy package, and introduced Reese's Peanut Butter Cup in a king-sized pack. The latter comes four to a package and retails for 79-89 cents.

Andrews indicated the company was pleased with gains registered by Mounds, Almond Joy, York Peppermint Patties and other products it acquired in the past year with the purchase of Cadbury Schweppes.

One of the nation's oldest confectionery companies, Spangler Candy Co. (Bryan, Ohio), established in 1906, is taking more of a scientific approach to its marketing strategies. This is due, in part, to the

C³ now includes the perfect cure for hangovers.



That 4" overhang on our old pallets? It's gone, along with all the product damage that went with it. All shipments from our Canned Food Plants now go out on 48"x40" GMA 4-way pallets. Look in the chapter on 'Protecting' in our new C³ Campbell Customer Care Brochure for ways we're eliminating other warehousing headaches. It's on the house, by simply calling toll free 1-800-257-8443.

Campbell Customer Care.
The something special in every case.

Campbell's

Lemonhead Stand™

Convenient Displays for use in Grocery Stores and Video Departments.

Lemonhead Stand™
Item #24218
contains one display unit per case

THIS UNIT WILL DISPLAY
7 cases—Item #24208
24 ct./8 oz. bags Lemonheads or
5 cases—Item #24212
24 ct./12 oz. bags Lemonheads or
4 cases—Item #24216
24 ct./16 oz. bags Lemonheads

NEW

Counter Display

Lemonheads
Item #24206
carton 24 count, 6 oz. bags

Lemonhead Stand
Item #24200
shipped separately, holds 24

Ferrara Pan Candy Company®
7301 West Harrison Street, Forest Park, IL 60130
312/366-0500

ANDY & GUM

One company is targeting the two favorite pastimes of teenagers—music and snacking—with one of its promotions.

arrival of Doug Taylor, senior vice president of sales and marketing, from Procter & Gamble.

The company is marketing a redesigned Saf-T-Pop, equipped with a pattern-looped safety handle. "It's more of a toddler's pop," Taylor says. And it is offering its most recent acquisition, Astro Pop, in a three-pack box. The latter is described as a unique novelty pop, with a rocket-shaped cone, and comes in cherry, pineapple and passion fruit. Spangler is engaged in some test marketing, Taylor adds, notably "in the candy cane area."

Planters/LifeSavers (Winston-Salem, N.C.) is unveiling "the first collated pack" of Bubble Yum, containing grape, fruit Bubble Yum and wild cherry. "Kids like flavor variety and this gives it to them in one pack," says Joe Collerd, director of marketing for hard-roll candy and gum.

In addition, the company is relaunching its Bubble Yum line with fruit juices, watermelon, strawberry and Hawaiian punch, and is planning to introduce NutraSweet to its Carefree line's peppermint and spearmint flavors.

Collerd theorizes that "both candy and gum respond to innovations," and point to the recent success of LifeSavers' Fruit Juicers, a hard-roll candy containing fruit juice, which had a 5.7 percent market share in February/March 1989. "The category had been flat, declining 1 to 2 percent a year. Last year the category was up by 8 percent in actual units," he notes.

The company is introducing a Fruit Juicers floor display resembling an igloo cooler, which he terms "an innovative way to get into stores."

Imaginative Topps

Topps Chewing Gum (Brooklyn, N.Y.), the world's foremost producer of baseball cards since the early 1950s, continues to be imaginative with many product lines. "We produce well over one billion cards every year, but we're expanding aggressively in other areas," reports Ken Liss, a company spokesman.

The company has introduced the Bazooka Party Box, a 24-piece package that includes the original-flavor gum, comics, fortunes, premiums and one baseball card. "This will introduce kids who aren't baseball card collectors to collecting," Liss notes. The suggested retail price is 59 cents.

For the more established hobbyist, Topps has launched the Jumbo Pak, which contains one piece of gum, 100 cards "from the regular series" and "one of 22 special rookie cards." Suggested retail is 99 cents.

On the sugarless front, Topps is marketing soft Bazooka with NutraSweet, a sizable package that contains comics, fortunes and premiums. The retail price ranges from $1.59 to $1.69. In addition, the company has introduced Ring Pop, a lollipop on a ring. "Kids can wear it on their fingers and suck on it," Liss says. A bag retails for $1.59.

Topps reported sales of $151 million from all collectible picture cards for the fiscal year ending Feb. 25, 1989, an increase of $24 million from the previous year.

The popularity of sugar-free gum, notably Xtra winter fresh and and cinnamon, is eliciting smiles in the marketing department at Wm. Wrigley Jr. Co (Chicago). According to Nielsen, Xtra winter fresh had become, in January and February of this year, the number one sugar-free gum in the country.

Sugar-free gum grows

"In the last five years, we've seen a sizable increase in sugar-free gum," says William Piet, Wrigley's vice president of corporate affairs. "Prior to Xtra's introduction, it was fairly stable and held at 25 percent of the market. This year, it will probably grab 38 to 39 percent."

The future of the industry? Hill of M&M/Mars foresees major changes on the immediate horizon. "If you took a picture of a supermarket's candy section five years ago, and took one today, they'd be pretty much the same," he says.

In the next three years, things will change dramatically, more so than in the past 15 years combined," he adds. "A lot of exciting new things will be coming out. The grocer should be thinking now: 'How am I going to put more space in this area?' "

—DON HARRISON

CANNED GOODS

Canned foods appear to be holding their own, both in terms of overall shelf space and total category sales, but the 1988 drought did take a toll.

The parched trail of the 1988 drought has ended where most supermarket executives always feared: on the sometimes barren shelving set aside for canned fruits and vegetables. Although the rains came early this year, most of the crops that will replenish peas, peaches and other scarce produce are just now shipping in canned form, too late to add some needed promotional punch to canned goods in general in 1989.

Taken as a whole, canned food appears to be holding its own in 1989, both in terms of overall shelf space among supermarket chains nationwide, and measured by total category sales. Supermarket buyers around the country generally echoed the experience of Kroger canned goods buyer Ron Harris, who notes that the Cincinnati-based chain kept canned goods shelf space "about constant with last year."

As one vendor executive notes privately, "There's been a lot of talk the last couple of years about receding shelf space for canned goods, but it hasn't suffered as much this year as in past years."

Small sales increase

Overall, canned food sales in 1989 were up 3.1 percent after all, through May of this year compared to the same period last year, according to the Can Manufacturers Institute. But those numbers—11.512 billion units this year versus 11.168 billion cans for the same period in 1988—don't reveal the barren patches in fruits, off 18.5 percent, and meats and poultry, off nearly 18 percent. Nor do they reflect the lost promotional opportunities for the trade from the end of last year through this summer, as evidenced in some cases by shelf space gains in other categories, while canned food presentations remained stagnant.

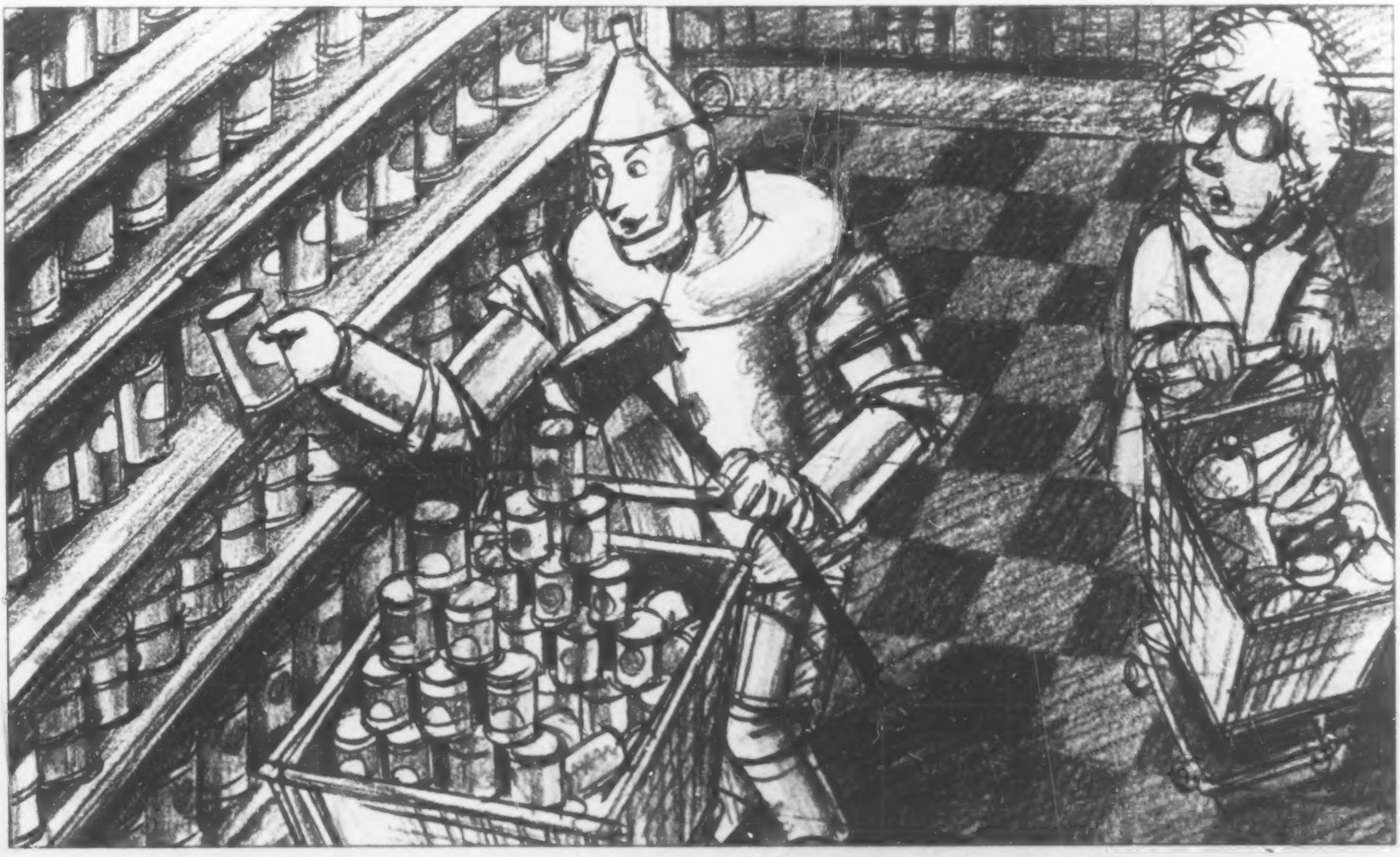
"We'll be promoting, but not at the same level as last year," says Charles Alexander, a buyer for Basha's, an Arizona-based chain. "Last year we were promoting three for one. This year we're lucky to do two for one."

Both vendors and supermarket executives around the country say the drought may have been a factor in the slower-than-expected increase in "lite" fruit sales. As one supermarket executive who asked not to be named notes, "If they didn't have enough to go around, something was going to suffer." That's one reason why many in the industry feel the category, despite several years in the field, has not yet had a true market test. If it had any momentum going into last fall, that was swallowed up without consumers getting a fair shot at passing judgment.

Still, some vendors are convinced lite fruits are already destined to command virtually equal billing within a few years, alongside traditional syrup-packed canned fruits. "If you talk to the trade, they'll all be unanimous in saying that's the portion (of canned fruits) that's growing," says S&W marketing vice president Dick Fink. "Eventually, it may surpass syrup. I'm sure it will get to 50-50." He contends that overall, lite fruits benefit from more promotional activity than syrup-packed fruits.

"Our lite fruits are still doing well," says Clyde Noel, Del Monte marketing manager for fruits. And he adds that lite fruits continue to increase market share industrywide. "It's 25

Continued on page 167



Some vendors are convinced that lite fruits are destined to command almost equal billing alongside traditional syrup-packed canned fruits.

Continued from page 165

percent of the total fruit category and it's still growing," he says. Noel estimates lite fruits are picking up a full share point or two annually and will continue at that pace for the next several years.

"There are some blips," Noel concedes, though he declines to name any of the company's relative losers in the category. And in some respects any setbacks appear related to an all-too-familiar consumer pattern: praising health foods and then riding home with what tastes best.

"Consumers feel there is a trade-off," says Noel. "People don't like the extra sugar, but they like the taste. Still, there are a lot of people who use both. We break the category into three segments: people who buy lite, those who buy fruits packed in sugar and those who buy both." And the latter group, he indicates, appears the largest and the one with the most potential.

That's one reason a minor controversy last year over instore presentation appears to have been settled against separate but equal shelf space.

Some lite fruit adherents last year complained that if only supermarkets would create separate lite fruit sections, the category would have a real chance to catch fire among health-conscious consumers. But the opposite seems to be working.

"We did it at one time," Alexander says of separate lite fruit displays, "but it cut down on sales. The traffic is better in the regular aisles, (compared with) the health-conscious section."

Still, Noel adds, "That's not to say that if you create a totally lite section it wouldn't do better. It might."

Any movement in that direction, though, will have to wait for later this year or early in 1990, when the '89 harvest begins to have an impact on vendor supplies and variety.

S&W, for example, has run short on peaches, some vegetables and tomatoes, and that forced the company into a more passive stance than it would have liked. "We couldn't promote (tomatoes)," notes Fink, "because we only had enough to scrape by." That proved particularly distressing to the company as it came off a year that pushed it to a number one share in its western states markets, from what Fink estimates was a "poor number four or five" not too long ago.

The drought may have also claimed another victim this year, although in this case it appears to have been only a matter of time. The Salad Bar Fresh acidified vegetable canning process pioneered by American National Can seems headed for the same fate as Veri-Green, a somewhat similar canning process developed by Continental Can.

Several licensees reportedly have stopped using the process, though some industry observers speculate that vegetable shortages provided a convenient excuse for certain vendors to unofficially drop the process without closing the door to future use. "The product is good," insists one supermarket chain buyer who agreed to talk off the record. "With peas, there's fresh or frozen, without that canned pallor."

But where other vegetables are concerned, it's exactly a change in flavor that bothers other industry executives.

Salad Bar Fresh, according to Ralph Kaercher, director of American National Can's Salad Bar Fresh program, is an acidification canning process that employs a lower pH level to shorten cooking time. He estimates that a 30-minute thermal process at 240 degrees for a can of corn, for example, is cut to 15 minutes at 220 degrees with Salad Bar Fresh. At its best, Kaercher notes, Salad Bar Fresh produces canned vegetables with the taste, color and texture of blanched fresh vegetables.

But the all-too-frequent drawback—at least according to detractors—is a pickle-like flavor that particularly affects vegetables such as corn and sweet peas. "We're still not a licensee," says S&W's Fink. "The Salad Bar Fresh concept really works, but on vegetables that are not high-volume canned food products." Vegetables such as cauliflower and broccoli, he notes, appear to react best to the process, but few consumers buy them in canned form.

A good year for S&W

If there was a clear winner in canned food sales last year, it may well have been S&W. The company has averaged 12 percent sales gains over the last five years, and bettered that achievement in '88, according to Fink.

Continued on page 230

C³ and you...
the quintessential
super combo.

Campbell's
SOUPER COMBO

Focus groups...Quality Circles...in-depth research. When it comes to developing new C³ programs, Campbell and customers go together like, well...soup and a sandwich. If your company would like to participate in the process, check the Communicating section of our new C³ Campbell Customer Care Brochure. It's yours free, when you punch in this combo on your phone: 1-800-257-8443.

Campbell Customer Care.
The something special in every case.

Campbell's

CEREAL

The publicized health benefits of oat bran in conjunction with consumers' demands for healthier products have caused a number of cereal manufacturers to react.

This past year's health craze has increased the consumption and sales of cereal. Health-conscious consumers are demanding cereals high in fiber and low in sodium and sugar, and cereal manufacturers are responding to those demands.

According to Nabisco Brands, Inc. (Parsippany, N.J.), the market for cereals that appeal to the health-conscious adult accounts for nearly 20 percent of the $6 billion ready-to-eat cereal category and is growing.

"This trend is likely to continue because of the increasing maturity of the American population," says Caroline Fee, manager, external communications at Nabisco. "People are reading ingredient labels, and they are more aware of nutrition needs."

"The greatest trends are in the area of nutrition and convenience," says Karen K. MacLeod, spokesperson at Kellogg Company (Battle Creek, Mich.) "Consumers are very interested in products that are low in fat, low in cholesterol and high in fiber, and they also want convenience. Cereal meets those nutrition needs, and it is also a very convenient product, so it fits into the health-conscious consumers' rushed lifestyle.

"We are primarily promoting our items as part of a complete diet, and research shows that a diet high in fiber and low in fat is important for good health. We want to provide information to consumers to help educate them as far as a good diet and how cereal fits into that diet," adds MacLeod.

According to SUPERMARKET BUSINESS's research data, ready-to-eat cereal increased in sales by 11.2 percent for 1988; hot cereal also showed a whopping increase of 24.1 percent.

An article in *Environmental Nutrition* (February 1988) reports that at any given time, the average American household has four packages of cold cereal in the cupboard, and more than 20 billion bowls of cereal are consumed annually.

"The good thing about cereals is that you can find many kinds that are high in fiber, and most are really low in fat," says Caroline M. Buchanan, nutritionist at Valu Food, Inc. (Baltimore). "There are a lot of cereals that are healthy because they contain complex carbohydrates. Cereals work very well in conjunction with a healthy diet."

Are all cereals healthy?

The only kind of cereals that nutritionists say to be wary of is granola cereals because of the coconut oil that is added to them. "Coconut oil is a tropical oil known to be one of the most saturated kinds of fat," says Buchanan.

The other area to be on the lookout for is sugar content. "As a general rule of thumb, if the cereal contains 4 grams of sucrose and other added sugars, that is equivalent to a teaspoon of sugar per serving. More than 5 grams is too much," says Buchanan.

More oat bran, please

The newest craze on the health front is in oat bran's ability to lower cholesterol. With all the advertising and publicity about oat bran these days, one would think that it is the cure-all to lowering cholesterol.

Think again. "The one thing I've noticed is that many people think that just by eating oat bran, whether it be in cereal or having an oat bran muffin, it's going to be a miracle food for them and lower their choles-

terol level," says Buchanan.

"It's really a lot more than that. You have to change your diet, too. You must cut back on saturated fats. In addition to that, eating oat bran can help—but it's certainly not the cure-all, and it is not a miracle food by any means."

Cashing in on oat bran

Nevertheless, the publicized health benefits of oat bran in conjunction with consumers' demands for healthier products have caused a number of cereal manufacturers to react. Cereal manufacturers have responded aggressively to the health craze, probably more than any other group.

According to Nabisco, oat-based cereals have become the fastest-growing segment of this adult market since medical studies have shown that soluble fiber, a major component of oat bran, can actually benefit your health as part of a diet low in saturated fats and cholesterol.

This has resulted in a number of new product introductions in both hot and ready-to-eat cereals over the past year.

"Since cereal has always been low in cholesterol and high in fiber, we are now looking at different types of fiber such as oat bran, which has been very popular this year," says MacLeod.

"Anything that contains oat bran is a top seller," says Michael Mazziott, grocery buyer for Valu Food, Inc. (Baltimore). "Cheerios is a good case in point. Its sales were kind of flat, but when the company put a little blurb on the package that said it contained oat bran, its sales regenerated.

"The unfortunate thing is that the cereal companies don't care how little or minuscule the amount of oat bran is contained in their cereals. Regardless of the amount, they are going ahead and labeling them as such."

Mazziott does see the cereal category growing, but not the amount of shelf space that is dedicated to it. Rather, what's happening is that "the pre-sweetened category is shrinking slightly, although there's still a good market for it, and the adult cereals, or all-family cereals, are replacing some of the pre-sweetened cereals on the shelf."

New products

Kellogg (Battle Creek, Mich.) introduced a cereal called Common Sense Oat Bran, Oat Bran With Raisins, S.W. Graham Shredded Biscuits, Shredded Biscuits with Honey and Nuts and Honey Crunch Biscuits. "These new cereals are designed to meet the needs and preferences of health-conscious consumers. All can be included as part of a low-fat, low-cholesterol diet," says Horst W. Schroeder, president, Kellogg North America.

To keep its products healthier for consumers, Kellogg eliminated coconut oil, a saturated fat, from its cereals. The company now uses a combination of cottonseed and soybean oils.

The company's newest introduction is Heartwise, which contains the highest soluble fiber of any ready-to-eat cereal. The cereal is available in two varieties, Crunchy Flakes and Crunchy Flakes with High Fruit Fiber Nuggets. It was developed in response to scientific research, which demonstrated that a diet low in fat and high in soluble fiber lowers cholesterol levels.

With the introduction of Heartwise, Kellogg's also introduced its Health Messages Policy and proposed a marketing guide. The company believes it is essential that important health information be disseminated to consumers in a responsible manner. There must be a differentiation between advertised health messages and health claims. The company urged that health messages be used only if they can be supported by substantiated scientific studies. Because of sometime conflicting claims made on cereal packaging, some federal and state regulators have forced manufacturers to either substantiate their claims or remove the claims from the packaging.

Other cereals that the company introduced in 1988 were Nutri-Grain Raisin Bran and Nut & Honey Crunch O's, Nutrific Oatmeal Flakes and Blueberry Squares.

General Mills, Inc. (Minneapolis), introduced Oatmeal Raisin Crisp and Clusters, a blend of bran flakes and nut clusters. Total Raisin Bran and Apple Cinnamon Cheerios are two other new products. The company also introduced a ready-to-eat cereal called Benefit, which has been shown to reduce cholesterol when used as part of a low-fat diet. The cereal is available plain or with raisins. A hot cereal was also created called Oatmeal Swirlers, which features stir-in packets of real fruit.

Raiston Purina Co. (St. Louis) has both branded and private label cereals. During 1988 Ralston introduced Dinersaurs, Dunkin' Donuts, Bran News and Muesli. This year, the company has introduced a ready-to-eat cereal called Muesli with Cranberries, and Oat Bran Options, which contains flakes, raisins, chewy dates and crunchy oat nuggets.

"The strength of Oat Bran Options is that it capitalizes on a key consumer desire ... choice," says Patrick T. Farrell, spokesman. "Consumers seeking oat bran cereals currently do not have many choices, and taste options are especially limited. Oat Bran Options meets both of these consumer needs."

The Post Division of General Foods, Inc. (White Plains, N.Y.), has introduced Post Oat Flakes; Crispy Critters, which is a low-sugar children's cereal, a new zip-pak Natural Raisin Bran and Natural Bran Flakes, which are both high in fiber and low in fat. The company's latest introduction is Honey Bunches of Oats.

"To further jump on the oat bran wagon, Post Grape Nuts was promoted as a mix for hot oatmeal," says Cliff Sessions, company spokesman.

'The unfortunate thing is that some of the cereal companies don't care how little or minuscule the amount of oat bran is contained in their cereals.'

"In addition to the new cereal introductions, The Post Division has taken out all of the tropical oils from its cereals," adds Sessions.

Nabisco Brands, Inc. (Parsippany, N.J.), has expanded its fruit-filled line, adding Raspberrry Fruit Wheats, and has introduced a high-fiber cereal called 100 percent Bran With Oat Bran. Nabisco Shredded Wheat With Oat Bran was introduced in August. It is a ready-to-eat cereal that features an all-natural combination of wheat and oat bran with no added sugar or salt. On the hot side, the company introduced Wholesome 'N Hearty Oat Bran, a cereal that combines oat bran, oats, wheat bran and barley.

Licensed cereals are cereals that have licensed product names. The name can be of cartoon characters or based on a movie.

"Licensed cereals do generate profits for supermarkets, but only for the short term," explains Mazziott. "Initially, fad cereals do well, but they die out quickly. The average life span of a licensed cereal is anywhere from six months to a year."

As a result of this short life span, Mazziott does not buy these cereals in big quantities. "We learned our lesson long ago about buying big quantities. I think the last major quantity we bought was Dinersaurs. We thought that it was going to be big, and it was for a while, but then it just dwindled off," says Mazziott. "They (licensed cereals) only last for the short term, and then when the sales stop, that's it—you're stuck with the product."

Mazziott says that the licensed cereal category accounts for about ½ to 1 percent of the total cereal business. "The cereal business has grown so big, that it has made the licensee business look minuscule."

Ralston is among the companies that manufacture licensed cereals. The company introduced the following licensed cereals this past year: Nintendo, Teenage Mutant Ninja Turtles and Morning Funnies.

Merchandising programs

According to Mazziott, companies (manufacturers) are more and more localizing their merchandising support. "There used to be a time when the manufacturer came to the retailer and said, 'We have about 20 merchandising programs; take your pick.' Now the retailers tell the manufacturers, 'This is the merchandising program we have; can you participate?'"

Valu Food's merchandising effort consists of a net cost program. "We sell specific products at cost," explains Mazziott. "We go to the manufacturer and say, 'Can you participate?' We then charge X amount of dollars for the ad."

Mazziott intimated that more and more manufacturers are participating in their programs. "That's a plus for us, because it allows us to merchandise the product and put out the displays, etc."

"The trend that companies are doing more and more

Continued on page 176

DAIRY

The dairy case in a supermarket is perhaps the best place to analyze new trends and consumer demands. There is no other department that reflects changes in shopping patterns better or faster. It is a growing department that made great strides from the 1960s to the '80s, both in selection and size.

In the '60s there were perhaps 200 items, while today dairy departments are often 100 feet long and carry 700 to 800 items. Convenience, variety, premium choices and health issues are the main concerns of today's consumer, and the dairy fills each need.

Of great interest to the supermarkets are the new studies that are basing profit on Direct Product Profitability (DPP) dollars analysis. This is a way to measure which products are earning their space, and should therefore be considered for increase.

According to the Milk Industry Foundation/IIA's director of marketing, Tobi Rozen, "Profitability studies on milk-based products consistently show high DPP. Coupled with their high turns, they returned an overall $11.96 DPP per square foot facing versus $3.34 for non-milk-based overall." A study by Kraft also found the refrigerated department to be five times more profitable than the store average per square foot per week. What this all really means is that consumers are predisposed to buying fresh dairy products and will already be open to increases of varieties.

No other department reflects changes in shopping patterns better or faster than the dairy. It has made great strides in selection and size since the 1960s.

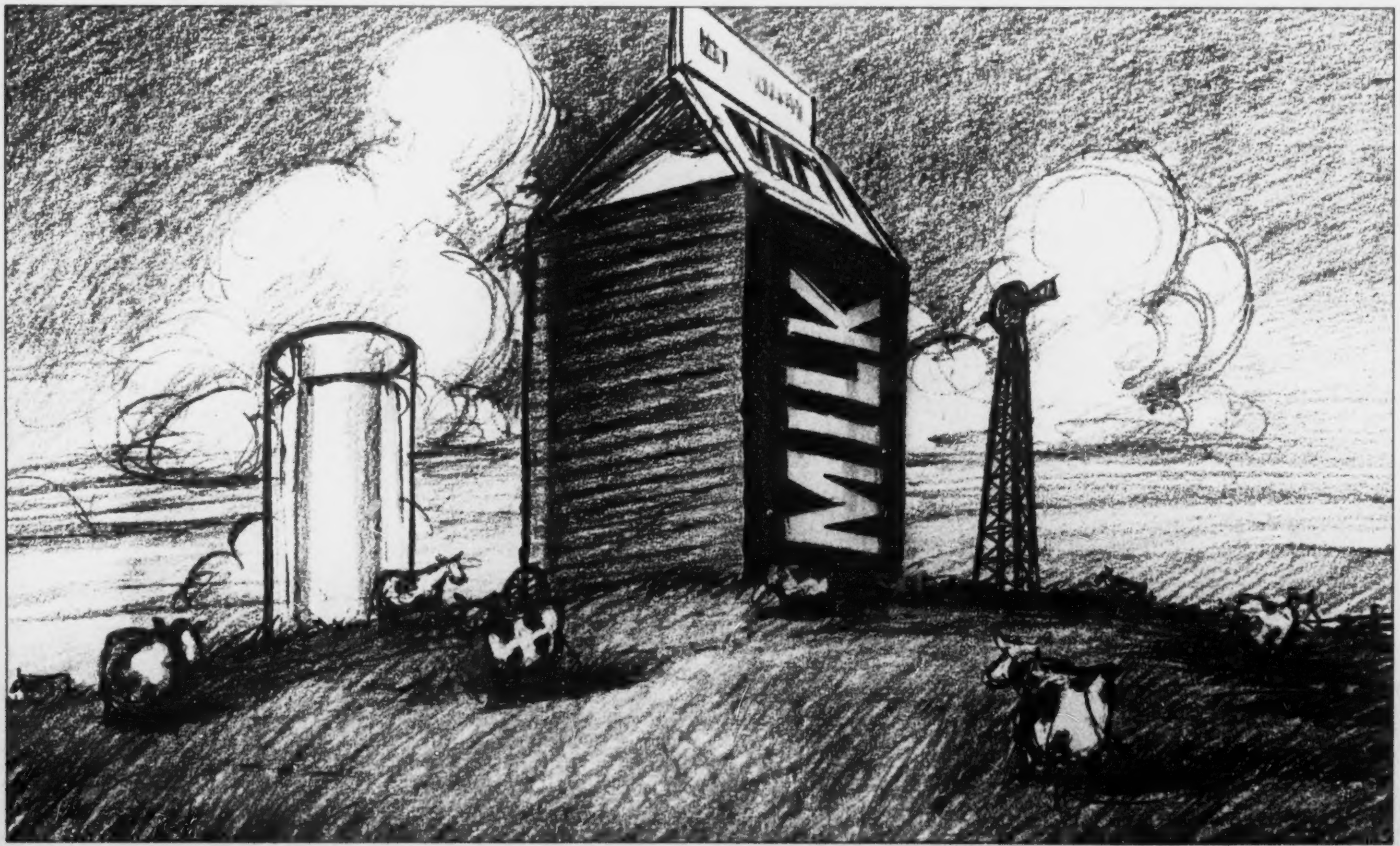
The consumption of fluid milk is up 12 percent over the past five years, and much of its success story has to do with savvy marketing and the genuine concerns over health issues. Low-fat milk now outsells whole milk by a 55 percent to 45 percent ratio. The International Dairy-Deli Association (IDDA) predicts that by the 1990s low-fat milk will comprise 70 percent of sales. Recent studies about the increased need of calcium for women has prompted many manufacturers to produce calcium-enriched milk. There is even a movement to include extra calcium in juices. Citrus Hill's Plus Calcium grapefruit juice has an 800 number for the American Medical Woman's Association on its box for women to call for more health information.

"The milk industry is not standing still. Milk is fresh and has the mystique of coming right off the farm, and therefore is trusted as a health product," says George De Jager, vice president of marketing and advertising for the National Dairy Board. It is that "sense of natural origin" that he feels keeps the aseptic nonrefrigerated (UHT) milk from catching on in this country. The trends that he sees are a continued growth in the value-added milks (protein-enriched acidophilus, calcium-fortified and flavored milks), lactose-free milk and, of course, low-fat milk. With the concern over the environment and the new disposable packaging laws already begun in the Northwest, De Jager believes before long we will be buying our milk out of bottles again.

Cheese: '80s snack food

Many of the newest products that address the needs of the health-conscious consumer appear first in the dairy case. Cheese, which in dollar sales runs second to fluid milk sales, is growing in visibility and movement. The cheese compa-

Continued on page 174



DAIRY

Consumption of fluid milk is up 12 percent over the last five years, and much of its success has to do with savvy marketing and concerns over health issues.

nies deliver variety, healthy options and convenience for today's busy, but discriminating shopper. Sargento Cheese packs its shredded mozzarella in a zip lock bag, while Kraft introduced zap pack single servings of Cheez Whiz for the microwave. Each four-ounce pack is just enough for a snack for one person, and with its multiple uses as dip, sauce or snack, it is a perfect impulse item. Cheese is quickly becoming the snack food of the '80s. Not only does it meet the needs of the adult seeking low-fat, low-cholesterol food, but it is especially being marketed as a "smart snack" for children. The cheese producers have made this an area where there is much more fun around a piece of cheese that looks like a stick, and marketed as pizza without the crust, than a normal junk food snack. Children can also safely use the microwave and cook more of these new snacks.

Within the cheese selections there are an incredible number of choices. Everyone has jumped on the bandwagon for the consumer's dollar in the area of "light," or lower-fat cheeses. How does one know what the nutritional value is compared to the normal cheese? As of June 1, 1989, a new labeling law originating in Wisconsin will help regulate the confusion over these reduced fat or light cheeses. It will be possible to always compare for one's self what the difference is between the reduced version and the original.

Andrea Neu, director of trade and marketing for the Wisconsin Milk Marketing board (WMMB), is a great believer in educating the consumer to make better choices. She is concerned over people making total food category changes without all of the facts. When there was a test run about the increase in fat consumption, she was surprised to see that most of the increase in consumption came from cooking oils from frying and processed foods. What this means is that cheese is less the culprit for high fat use than was previously thought.

There has been an increase of sales in the specialty food cheeses. In the dairy there is often a mix of the regular cheeses, side by side to goat cheese, or prepacked random-weighted cheeses such as Brie and many others. This allows the store to merchandise the cheeses in many locations, greatly increasing sales storewide.

Specialty cheese sales are also helping increase the sales of the premium natural cheeses. The consumer is better educated about reading labels than ever before. Cheeses without preservatives and artificial coloring have a much higher perceived value and, with the added nutritional value of lower fat, are booming in sales. The new Kraft Light Naturals boast of one-third less fat than regular cheese, but without loss of flavor. Even the Vermont cheese company Cabot has brought out Vitalait, a light cheddar that has fewer calories and lower cholesterol than more of the competition. Considering that natural block cheeses are growing an average of 10 to 15 percent in sales a year, expect to see more and more people entering the market. Be it natural, lower-fat cheeses, or even a processed cheese, there will also be growth in convenience packs.

The shredded cheese category is a huge market. Not only do the plain original flavors sell well, but the added-value ones, such as Velveeta Mexican shredded, target the consumer who wants variety.

The need for many taste options is especially evident in the cream cheese spreads. There are low-fat, no-fat and many new flavors available. Some are flavored with honey or fruit, and their general appeal is that they are lower in fat than butter.

The cottage cheese market is down in sales, but single-portion, fancy dessert-type packaging with fruit on the bottom seems to be growing in sales. Another new product to watch is the fresh mozzarella mini-balls called Pior di Latte from Polly-o. They are packed in water and sealed, and taste truly fresh. With increased sales in all areas, watch for a greater variety of healthy and convenient products from manufacturers.

Yogurt growing rapidly

Yogurt is the fastest-growing category in the dairy case. "What used to be a niche market product has become a mainstream food, and is sold in every supermarket in America," says Barbara Beck, manager of consumer and public relations for Dannon. "Over a billion pounds were sold in 1988, and the sales have nearly doubled in six years," she says. "Fifty percent of the population will be yogurt consumers as we go into the '90s."

Trends over the past year have been toward more low-fat or no-fat yogurts on the market, higher sales in 32-oz. containers as people use it more for recipes, and products using NutraSweet. The Dannon light is a non-fat yogurt sweetened with NutraSweet and has only 100 calories per 8-oz. serving. Also, the yogurts that began in health food stores are becoming more mainstream.

Brown Cow yogurt, with its special yogurt cream on top, is available in most national supermarkets, as are Columbo and Frijan yogurt, with its ingenious clear top filled with granola, which you add yourself. Weight Watchers and Sweet and Low are in every store, and the consumer can choose many rich, creamy European styles as well. New products are Tofu yogurt from Tomsun, which is lactose-free and Kissle, a product that has no yogurt, but is positioning itself as a yogurt alternative. There is also an increase in the exotic fruit variety of yogurts, and the small mini-six packs are doing very well.

In addition to the conventional thick style, yogurt drinks mixed with fruit purees are also showing up in more and more dairy cases. There appears to be no end in sight for sales growth for this product. Some future new products may be sauces, dips and cream cheese-type spreads. Dannon is test marketing Fruit Moos, a soft fresh cheese and fruit blend for children targeting the smart snack for kids.

The butter industry still has increases in its sales, although the per capita consumption of butter has shrunk from 6.8 pounds in 1960 to today's 3.8. In the past few years more people have been using unsalted butter for gourmet cooking, and the new butter "spreads" also contribute to sales. Margarine sales are declining, and much of that is from added pressure on manufacturers to produce new products that are healthy and tasty. One of the problems the industry faces with these new "spreads" is their lack of a standard of identity. There are many formulas available to the consumer, and it can be quite confusing. The standard solution is that the spreads are basically less than 80 percent vegetable fats.

One that's popular is Sweet Cream Spread from Land O' Lakes, which has a unique blend of oil and sweet cream. Its newest product is Country Morning Blend Light, which is 52 percent corn oil butter blends. "We have created a small niche with the spreads giving consumers what they

Continued on page 210

FROZEN FOODS

TV dinners—first introduced by Swanson, then followed by others—celebrated their 35th anniversary on the American landscape this year. It was an otherwise quiet birthday, except for dozens of new frozen food items brought to market, most of them microwavable.

The original aluminum tray now sits in the Smithsonian Institution, a relic of days gone by—a victim of changing technology.

Times have changed and now more than ever before convenience, microwavability and quality of ingredients weigh most heavily on consumers' minds, according to research conducted by Swanson. The growth of specialty and ethnic foods has also fueled the market.

Effectively, frozen foods are the benefactors not only of their own trends, but also of larger food marketing trends, such as the drive for controlled portions, dietetic and nutritional items.

Frozen foods are the benefactors not only of their own trends, but of larger food marketing trends, such as the drive for controlled portions, dietetic and nutritional items.

All told, it's a multibillion dollar market, commanding more than $1 billion in the frozen dinner segment and more than $3 billion in frozen single dishes. But the rush to capture a share of that market has also spawned some ill-timed, still-developing and, possibly, ill-conceived products often ending up in liquidators' cases, along with some brands that are simply experiencing their sunset.

'A cyclical business'

"The business seems to be cyclical," says Doug Rauch, buyer at Trader Joe's, a Southern California-based chain that, among other things, actively seeks "special buys" from frozen food manufacturers. "The battle over dollars is heating up and the large players are reshuffling, rethinking and designing their products in order to take advantage of the opportunities. But that's also created a situation where there are numerous special closeout deals."

According to Rauch, Trader Joe's has constantly expanded its frozen food cases to accommodate those buys and its private label seafood program, and has yet to satisfy its space requirements. And the demand will continue to build, he predicts, as consumers' busy lifestyles become busier and their demand for quality products increases.

Finally, as baby boomers adjust their outlooks to a more home-oriented lifestyle, analysts suggest frozen foods more frequently might compete head-to-head with fast food restaurants.

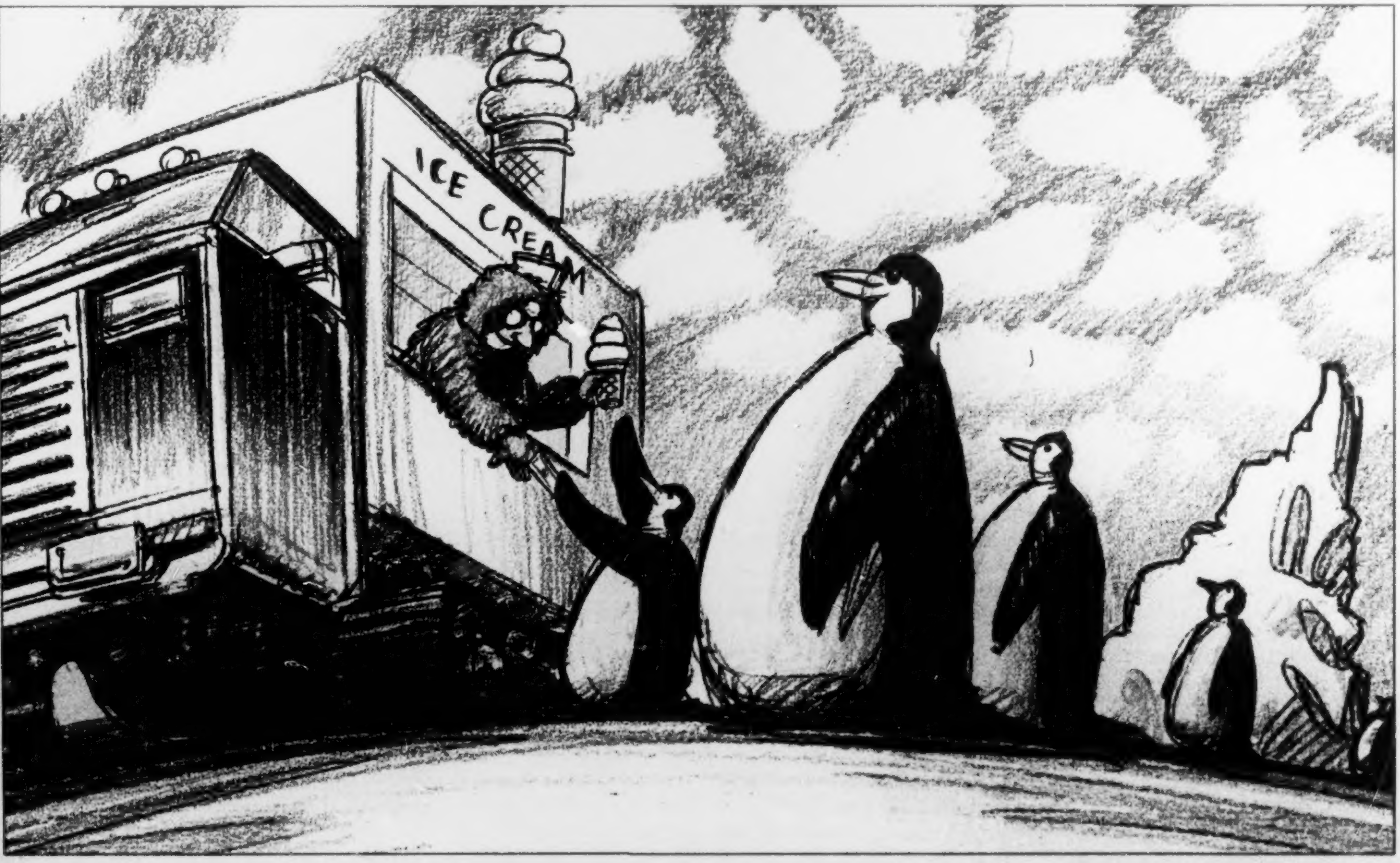
Indeed, that's the advertising tack being taken by a major southeastern supermarket chain.

Top issue: Convenience

"We've been seeing some significant increases in the frozen food category," notes the buyer. "And, we've been heavily advertising the price point value over fast food restaurants. Convenience is the number one issue in frozen foods—the same as fast food—but we've been trying to educate our customers that they are also very close to fresh."

Freshness and a specialty orientation are issues being addressed, it seems, in the introduction of Green Giant Sugar Snap Peas. Ads, featuring large amounts of white space, provide a lot of open space for the product to appear fresh cooked in various recipes, such as an Oriental dish, with fried

Continued on page 176



FROZEN FOODS

'Convenience is the number one issue in frozen foods, but we've been trying to educate our customers that they are also very close to fresh.'

chicken, or as a snack. A 25-cent coupon is offered for the Sugar Snap Peas or the already established Broccoli Spears.

The fast food connection appears to be the same approach being taken by Banquet in some of its FSI advertising. The ads, covering Regular Dinners, Extra Helping Fried Chicken, Boneless Chicken, Family Entrees and Meat Pies, are headlined, "There's more to fast food than burgers and fries." They also offer 25-cents off coupons on each of the items.

The buyer says that at her chain, breakfast and snack foods have taken the lead. Of particular note are Universal Foods' Potato Curly-Qs and Branch Fries, along with Morning Start and Fleischman's Egg Beaters and Scramblers. Additionally, Campbell is introducing its Souper Combos, featuring soup combinations along with items like chicken fingers and croissants. The packs are microwavable in five to six minutes.

Market has potential

As it is in other food categories, low sodium and low cholesterol remain hallmarks of developing buying patterns, the buyer reports.

"There's a lot more potential still to be realized in this market," she says.

The emphasis on breakfast is also being seen in cross-advertising being done by Pillsbury and Welch's Orchard juices. Tagged "Good Morning. Great Savings." the ad combines coupons for Pillsbury's Microwave Pancakes and the Welch's juices, including its frozen offerings.

While somewhat prone to seasonal fluctuations in the Southwest, the entire frozen foods category—especially microwavable items—holds up well, according to William Romley, Sr. of Basha's (Chandler, Ariz.). Low-calorie entrees and dinner are leading the way along with items carrying a health food appeal.

For example, Eggo Oat Bran Waffles and Lender's Oat Bran Bagels are showing rapid turnover, along with Budget Gourmet entrees, Romley says.

"There's been a dramatic improvement in quality and product taste," he notes. "I believe we could see large sales gains on impulse buying if we had the room to display them and weren't hindered by space. Not only that, but our customers are willing to pay more for the more healthful items."

Those items typically sell at a $1.99 price point, as opposed to the more common $1.69 tag, Romley says. That's also been fueled by regular promotions from Budget Gourmet, which has taken on a leadership role at the chain.

At nearby ABCO Markets in Phoenix, the category is also showing growth, pushed by new introductions and increasing consumer interest.

Fewer failures

"The quality is getting much better because manufacturers are constantly learning from previous new item introductions," says Phil Hawks, buyer. "There just aren't as many obvious failures as there used to be."

Hawks says the low-calorie and nutritional elements of the products are being "pushed wide open," with additional potential starting to be realized in breakfast foods. In the meantime, dinners and entrees are reaching new heights in quality and price points, with upmarket entries by Tyson, Stouffer and Le Menu.

Hawks would like to see the pace of introductions slow to a more manageable level, however, noting that it may be only a matter of time before the cases are full of items all performing well and leaving little room for additional growth. Under such circumstances the market could begin to appear flat, even while performing well.

Those that continue to perform well will most likely come from the better-known companies with established consumer franchises, according to Brian Anderson, buyer at Quality Markets (Bellevue, Wash.). As a result of all the new product activity, newer, less well-known suppliers will continue to have trouble breaking into the stores.

Anderson reports that virtually all of his frozen lines are growing, with the possible exception of some frozen juice brands, which have experienced stepped-up competition from the fresh juices.

Some markets are flat

One of the few areas where frozen foods seem not to be performing as well is in supermarkets in more affluent communities.

"We're finding the market is flat for frozen foods, mainly because our customers are diversifying themselves into fresh produce and dairy," says the merchandise manager for a mid-sized New York Metropolitan Area chain. "We're noting that the middle- to high-end consumer is touchy about what she buys and, where possible, is trying to buy fresh."

Also influencing the cate-

CEREAL

MEANWHILE, ALL-BRAN SCORES

Cereal makers that have added psyllium to their cereals, such as General Mills' Benefit and Kellogg's Heartwise, may be facing questions by the Food and Drug Administration to substantiate claims of psyllium's ability to reduce cholesterol.

Meanwhile, in a report announced at press time, Kellogg's All-Bran received an enormous endorsement of the oft-claimed ability of brans to reduce risk of colon cancer. In a recent study reported by the National Cancer Institute, bran-rich cereal, high in insoluble fiber, was found to actually reduce pre-cancerous lesions in the colon. All-Bran was the cereal employed in the study.

Continued from page 169

localizing in their merchandising programs is not only true for the cereal category, but for all other categories as well."

It is true that adding oat bran to an already low-fat diet will further lower cholesterol because of the soluble fiber it contains. But soluble fiber can be found in many foods other than oat bran. Two such foods that cereal manufacturers may take an interest in are rice bran and barley.

According to an article in *Environmental Nutrition* (July 1989) rice bran, like oat bran, has been shown to reduce cholesterol levels by as much as 15 percent. What makes rice bran unique is that it contains only one-half the soluble fiber of oat bran, yet it lowers cholesterol just as much.

The Rice Council of America (a trade organization in Houston) believes that some of the cholesterol-lowering power may come from the oil it contains.

Will products containing rice supermarket shelves as oat bran products did?

Industry experts predict that within the next few years there will be an influx of cereals containing rice bran and barley.

"Rice bran is going to be the next big thing," remarks Mazziott. "Cereal manufacturers will definitely come out with cereals containing it."

Are oat bran, rice bran and the others just niche products for the health-conscious? Will they prove to be another fad?

According to Nabisco with sales of some oat bran hot cereals up over 500 percent compared with last year, the oat bran craze is not a trend that is likely to taper off.

"I don't see oat bran so much as a fad, although it seems to have been somewhat faddish," says Mazziott. "Now that more and more products other than cereal contain oat bran, I guess it's beyond the fad stage."

Time will tell. Consumers are going to have to see the benefits. If they don't, it might be just another fad.

ENERAL MERCHANDISE

General merchandise is gaining a substantial share of space in new or remodeled stores, but on a very selective basis. Housewares is still the top category,

The statement most often heard from general merchandise department managers and buyers is a familiar one: "We need more space!" This is not a new concern, and it will probably not change because general merchandise personnel are a sales-minded, aggressive group. They are aware of the great sales potential and substantial profits to be derived from general merchandise products.

Unfortunately for the GM merchandisers, space is at a premium. Even in the new, larger super stores, space is still a problem. The interior gondola shelving remains a battleground for the shelf space fight between dry grocery and general merchandise.

General merchandise is gaining a substantial share of space in new and remodeled stores, but on a very selective basis. Competition for space from the other departments, in addition to more critical analysis of space productivity through direct product profitability, requires a professional approach to space management for general merchandise.

It is a well-established merchandising theory that a broader presentation of merchandise with greater variety in a department will increase sales of that department disproportionately to the space. This has resulted in key, fast-selling categories being expanded, many times at the expense of entire marginal categories.

There are exceptions to every rule, and demographics must be taken into account when analyzing the need for fringe departments. In small towns and rural areas, the additional departments are an added attraction to create a one-stop shopping center, but in urban areas, where the volume is, retailers are going with the categories that produce the most sales. Mike Brown, coordinator of Nonfoods for Affiliated of Florida, reports that even small conventional stores are interested in expanding basic lines and are getting out of fringe commodities.

Housewares

The housewares category is by far the main one in general merchandise (outside of health and beauty aids). The overall sales trend in basic housewares is holding at a high-volume level or increasing. There has been a definite trend to upgrade in housewares with better-quality kitchen tools and gadgets, and new designs and fashion colors in plastics. Today's lifestyle, with more open living areas in homes, creates a new fashion dimension for kitchen items. Style and color become added reasons for the consumer to buy new kitchen articles to complement the color scheme and decor.

Many larger stores—Safeway Stores in the West, for example—have designated Rubbermaid sections. Where space is available, they display Rubbermaid kitchenware vertically, ribboned in coordinating product groups by color. This creates a very striking display and has proven to be very effective for impulse sales. The Rubbermaid storage container line and similar lines also feature fashion colors and is one of the fastest-growing categories in housewares.

Aluminum foilware has shown a strong upward sales trend with some stores expanding space for this category,

Continued on page 180

ENERAL MERCHANDISE

In small towns and rural areas, the additional departments create a one-stop shopping center, but in urban areas, retailers are going with the most productive categories.

while microwave accessories have shown mixed results. Some distributors are adding SKUs in the category, while others are cutting back. The proportion of homes with microwave ovens has increased dramatically. But, the right assortment of microwave accessories is difficult to ascertain. The accessory market may take some additional time to mature.

Cleaning aids

The handle goods, brushes and cleaning aids area also shows excellent sales growth. This category is getting increased space allocations by many retail groups. While the basic cleaning items such as SOS and Brillo pads are mainstays in the grocery department, many innovative cleaning items are being carried by the GM departments. These tie in with the overall department planogram for handle goods and brushes, which are usually carried by the GM departments.

Glassware

Apparently there is one big loser in the battle for shelf space and that is glassware. A majority of wholesalers and chains questioned report sales in glassware down and space being decreased for this commodity. Glassware has been a staple commodity in housewares departments, and many stores have carried departments up to 12 and 16 feet. Bulk glassware is very labor intensive, and packaging in fours or singles seems to inhibit sales. Profits of this category probably don't stack up to many other GM departments when analyzed from a DPP standpoint.

Even though daily sales rates on basic glassware may be disappointing, some supermarkets still realize excellent volume from this category through promotion. Two major promotions a year can produce high-volume sales and profits and make up for the loss of space on an everyday basis. Iced tea glasses, iced tea pitchers, beverage glasses, beer glasses and mugs, and sun tea jars are promoted during the early summer period with fantastic results. Glassware lends itself to mass displays in cut cases. Stores have had entire end displays sold out in a single weekend.

The fall pre-holiday season presents another great selling period for promotional glassware. Here again, mass displays of the good-selling holiday glassware items, including beverage glasses, on-the-rocks glasses, juice glasses and coolers, result in high-volume sales. The need for the chain or wholesaler to buy glassware by the truckload to be competitive and profitable is also conducive to promoting glassware on an "in and out" basis. The supermarket selling strategy of "pile it high and sell it low" is apropos here.

Traffic appliances

Traffic appliances are trending upward in sales where carried, but distribution is very limited. Fred Donatelli, vice president of procurement for the Peter J. Schmitt Co. (West Seneca, N.Y.), has recently added both kitchen and personal care appliances, and reports increased sales in all GM categories. Traffic appliances, including personal care appliances, lend themselves to good pre-holiday promotions since most appliances are sold during the months of September, October and November.

Batteries

The battery category is one that has shown high sales percentage gains in the last year. Today's lifestyle, with more camping and outdoor recreation, has really expanded the battery market. The entry of Kodak into the market has created additional promotional activity and more consumer awareness. A short time ago, one or two lines of batteries would suffice for any retailer, but now it is advantageous to stock three or four lines in order to take advantage of the promotional offerings.

Batteries are usually merchandised on a combination endcap display, and this display has proven to be one of the most profitable in the store on a profit per foot basis. Where stores have extensive GM departments, batteries are also merchandised with housewares, hardware, sporting goods, photo, and automotive, as well as at checkouts and in floor displays for additional impulse sales.

Film and photo supplies

Film and photo supplies also have universal acceptance in food stores. Supermarkets continue to increase their share of market in the film business. It is still basically a brand business with Polaroid alone in the instant film and Kodak dominating slide and print film. Fuji is making inroads into the market, and stores with strong private label programs are also successful in the category.

The mix is changing with greater sales in the 35mm sizes. The introduction of many new "aim and shoot" 35mm cameras at more affordable prices is swinging the emphasis to 35mm film, and the new faster-speed film also encourages more growth in film and processing sales. Disc film has not lived up to previous expectations. Many stores also merchandise audio and video tapes with photo film if they do not have a video section in the store. Film is usually merchandised on what is referred to as a three-dimensional end display, which is great for highlighting the section.

Photo processing

Many stores also incorporate a drop box for photo processing on the film display. They have set up drop-off service for photo processing with local or regional processors. This is an extremely lucrative opportunity for stores, with no inventory investments, no obsolescence, high unit sales, and cash from the customer before the processing charges are paid—a real "win-win situation" that requires two visits to the store to complete the transaction.

Many larger stores and super stores are getting into in-house photo processing with mini-labs. There are several companies that provide turnkey programs with all of the equipment, supplies and training necessary to set up on-site photo processing. This adds to the one-stop shopping concept, eliminating the necessity for two trips to competitive outlets.

Light bulbs

Light bulbs, along with batteries and film, is another category that has almost universal distribution in the supermarkets and is again gaining market share. These three categories—batteries, film, and light bulbs—are sometimes referred to as "the big three," with up-front, high traffic end displays in many stores.

Hardware

In the hardware area, the picture is not as bright. The home maintenance section, which includes tapes, glues, fasteners, and basic plumbing repairs, continues to be a steady category. The basic "do-it-yourself" wiring devices, extension cords and fuses continue to show excellent sales movement. However, builders' hardware and tools are being cut back by some

ENERAL MERCHANDISE

An important area that should not be overlooked is promotional display space for general merchandise.

retailers because of slow sales. These items, as well as paint and painting accessories, are sometimes being eliminated to make additional space available to the power categories.

Automotive supplies

Distributors questioned about their automotive sections expressed mixed results. Motor oil and additives, in most cases, showed steady or upward trends, but some distributors were experiencing a down trend. In the automotive accessory area, the same holds true. Most stores have already gone out of the tuneup kits and accessories business because of the increasing complexity of today's cars. Supermarkets do maintain a good share of the automotive wax and polish business due to excellent promotional efforts. Automotive accessories is also a category that has strong demographic implications. Area competition has a great effect on the profitability of this category.

Toys

The toy departments, even though they continue to make small incremental gains in space, are an underdeveloped category. The low-priced "peg toys" are a basic in almost every store, and chains and distributors usually use a "peg control" system for the merchandising of this section. This system enables them to supply a constant variety of new items with a limited number of SKUs.

Basic children's books are almost always merchandised beside the peg toys. This category continues to show excellent sales results if merchandised with sufficient variety and a constant influx of new titles. The biggest complaint seems to be repetitious titles and packs from the manufacturer.

Stationery

Stationery is another power category in GM and shows one of the highest upward sales trends. Basic stationery, a more mature section, is still gaining sales space due to excellent sales rates, while the school supply section is now outgaining basic stationery in rate of sale and increases in space.

The office supply section, which is a more recent addition for many chains and distributors, shows excellent sales growth and is being given additional space. Industry experts estimate that there are more than 24 million home offices in use on a regular basis.

Small commercial offices and retail concerns are also prime prospects for this category. Supermarkets find they can be competitive with traditional office supply outlets.

Computer supplies are now carried by only a small percentage of distributors questioned, but many indicated a desire to enter the category. The addition of these product lines and expansion of the office supply section will enable supermarkets to make a bigger statement in the stationery category. Bob Thorud, director of general merchandise, Gateway Foods, LaCrosse, Wis., who now carries an extensive line of stationery and school supplies, indicated that he will be expanding the office supply section and adding computer supplies for his company.

Other toys such as boxed toys, games and models have not been merchandised to their full potential on a day-to-day basis. Many stores incorporate higher-priced toys in their overall Christmas promotional merchandising program with excellent success. Stores have found that a good variety of higher-priced toys merchandised in off-shelf displays with Christmas promotional merchandise will result in extra high-profit sales. TV-advertised toys, however, are an exception when it comes to being competitively priced and still making a good margin.

Soft goods

The nylon hosiery category is dominated by the two leading national brands, L'eggs and oNonsense. Nylons rate high in turnover and profitability, and the sections are probably one of the more profitable dollar producers per square foot in the store. Both national brands are professionally merchandised with effective inline display fixtures. The queen-size garments have been given better distribution to satisfy the larger woman, who was previously neglected in the size assortment. High-fashion colors were a fad introduced a short time ago, but have not really taken hold in the supermarkets. White, off white, black, and gray seem to be the only newer colors that have survived.

It is interesting to note that many chains and wholesalers questioned did not stock additional hosiery items beyond the national brands. This may be due to the space required for the full assortment of the branded merchandise. There are other stores that do an excellent job with their private label hosiery as a third line. Also, stores with the right demographics report excellent sales with ethnic brands for their Afro-American consumers. A progressive southwestern wholesaler reports carrying a Hispanic packaged line, and it is the best seller.

The majority of stores carry a family sock program. This is a category with untapped growth potential. Growth has been hampered by difficulty in finding the right manufacturer or group of manufacturers that can provide consistent quality and delivery. Multipacks—3s and 6s—are currently best sellers, especially in children's sizes. Some of the private label sock programs have been very successful and, as more retailers use the family sock department approach, the category can grow to approach the sales volume of the nylon hosiery section.

While the sock sections are growing in importance and space, the shoe and footwear sections are not holding their own. The multiplicity of SKUs, the high labor costs for handling and great seasonal variations have hindered growth. This category is being phased out to make room for additions to the power categories.

Fashion apparel

Fashion apparel is handled by very few chains and distributors. This category is the most difficult to merchandise because of extremely long lead times, seasonal peaks and valleys in sales and the degree of buyer expertise required to merchandise it effectively. This is definitely the most difficult to buy and merchandise of any GM today. You cannot dabble in fashion merchandise. You must either get in or get out, and most supermarket operators opt to stay out.

Domestics are also a mixed bag as far as space, trends and sales results are concerned. Bedding is almost entirely eliminated except for occasional items in white sales and other sales.

Bathroom domestics have shown little expansion and some reverses. Buyers report difficulty in consistent delivery and competitive pricing.

The bright light in this category is kitchen domestics. Kitchen towels and related items are found in almost every store, and sales results are excellent. The good merchandisers

ENERAL MERCHANDISE

A majority of people questioned about promotional display space were either planning to make a space commitment, or were going to increase space already available for GM promotions.

display an assortment of solids, stripes and prints, and must be attuned to the latest fashion in kitchen colors to be most successful. Eight-foot departments seem to be the norm for kitchen domestics, and some stores have increased the space to 12 and 16 feet with the addition of upscale lines and related items.

Sewing notions

The sewing notions category, in general, indicates a slight downward trend in sales and space. Where retailers have streamlined the assortment to concentrate on patching and repair items rather than basic construction notions, the sales are still holding up. Today's lifestyles, working women and low unemployment rates are not conducive to home sewing. Knitting yarn sales have passed their peak in supermarket sales' activity. However, some retailers with expanded space for general merchandise have added yarn departments with successful sales results.

Hair care accessories

Hair care accessories, sometimes merchandised in the health and beauty aids section, shows a very strong upward sales trend. Many stores are expanding space for this category and realizing the benefits of extra sales from a high-profit category. In addition to basic hair care accessories, there are fashion and fad items that often show fantastic sales results at very high profit margins.

Video rentals

The video movie rental business, in many stores, is a part of the GM department, while others treat it as a service or independent department. Many retailers have gone into video in a big way and highlight the department with a prominent up-front location and continuous promotional activity. While the video rental programs tend to be labor intensive due to the handling and security involved, the use of PC software programs helps expedite the handling. Some chains use the computer programs to track rental velocity, and they control variety and inventory by transferring movies between stores. Stores with larger departments can stock 2,000 or more titles and become a major factor in movie rentals in their area. Movie rentals give a supermarket retailer great opportunities for cross-merchandising and tie-in sales. One midwestern retailer, who asked not be quoted by name, reported sales distribution for movie rentals at 4 percent of total store sales during a week of heavy promotion.

Some stores, which do not wish to make the inventory and time commitment to purchase tapes on an outright basis, will use wholesalers or service organizations to merchandise tapes on a shared rental or weekly rental charge basis. The shared rental programs normally make available 300 to 600 movies and rotate titles to stimulate sales. The need for the second trip to the store to return the tape is another plus factor.

Trends to watch

In reviewing the trends for space and sales for GM, an important area that should not be overlooked is promotional display space. A majority of the people questioned about this important aspect of the business were either planning to make a space commitment or were going to increase the amount of space already available for GM promotions. Many experts attribute sales of 25 to 30 percent to off-shelf promotions of GM. This can be a conservative number for stores that take full advantage of all the opportunities available.

Major theme promotions are being done with more professionalism and better advertising support. There has been a dramatic increase in the number of GM promotions supported by roto ads. The Dollar Day theme promotion is being used by more and more retailers with excellent sell through. Some of the more successful Dollar Day Promotions have involved tying in more of the store with health and beauty aids and grocery items for a total store promotion.

While the space available for general merchandise is not usually enough to satisfy GM department managers and sales personnel, there is a definite positive trend. In addition to space, another positive aspect is the more professional placement and display of GM products in the shopping pattern. Many stores are using lighted canopies to highlight specific GM departments. The use of extended pegboard to bring the facings of peg merchandise out to the shelving edges greatly enhances the appearance and impulse sales potential of the pegboard merchandise sections. More stores are using fencing, shelf dividers and special fixtures to effectively display general merchandise, particularly soft goods, creating a more professional display. Manufacturers, chains and wholesalers are making use of computer space management programs to design department planograms. Added use of department signs and aisle signs also contribute to the instore stature of the GM departments.

As the space race continues, GM departments are gaining in two ways. One is increases in space for the growth categories. The other is the increase in sales performance and profitability resulting from more professional management of existing space. This should not be a surprise, since GM people are like Avis—they try harder.

—FRANCIS E. WILLMES

FROZEN FOODS

Continued from page 176

gory's performance has been the late arrival of summer weather and extremely wet weather, which tended to pull down nonessential purchases in general.

That said, the manager notes that the category is performing satisfactorily overall. It responds more effectively when promoted from its typical price points, which still must remain below $1.99 everyday for entrees. However, like other merchants, he's somewhat overwhelmed by what he claimed have been more than 500 new product introductions in the frozen category within the past year.

"Eventually, it will get to a point where they are just trading dollars," he says. "New items will come onto the scene and simply take sales away from the others."

Single-serve items are continuing to attract attention at Star Markets, Ltd. (Honolulu). Overall, the category is up marginally, according to buyer Alan Kaneshiro, mostly on the strength of new items and promotional activity. He also identifies the Eggo Oat Bran Waffles as a strong comer with many of the same health and nutrition trends being seen on the mainland.

"Perhaps we see just a little less activity (than on the continent) and we have stronger franchises for local brands," Kaneshiro says. "There has been a tremendous growth in the last several years and maybe it's starting to flatten out now."

—BRENT FELGNER

GREETING CARDS

After a prolonged flirtation, supermarkets and greeting card manufacturers have embarked on a fruitful future.

Like old friends who suddenly discover they have more in common than they realized, supermarkets and greeting card suppliers found one another in 1988-89. In fact, the circumstances and timing were so ideal, you might want to send a card along to congratulate them.

The partnership makes sense because the parties bring so much to one another. Greeting card makers discovered an infatuation with supermarkets as the manufacturers became disenchanted with opportunities offered by the "field"—traditional outlets including card shops, discounters and mass merchants. While they remain important to card suppliers, traditional outlets offer few new possibilities.

Supermarkets, for their part, bring quite a bit of wealth to the match, measured in dollars that the shopping frequency of supermarket customers can generate. At a time when card companies are counting on nontraditional everyday, no-occasion and blank cards to augment sales, supermarkets offer the recurrent consumer traffic that can make such impulse items successful.

Drawing on cards

Recognizing the value of supermarkets, greeting card makers courted food retailers by creating new fixtures, card lines and merchandising programs specifically tailored to food retailers. Supermarkets have discovered that such attention not only helps sell more cards, but helps them promote general merchandise.

Many chains and independents are featuring greeting cards more prominently to attract customers to general merchandise sections. Some, like Stop & Shop (North Quincy, Mass.), are positioning greeting cards centrally to both the general merchandise section and the store in general, so that the section acts as a gateway to goods like magazines and books, and, ultimately, furniture and home electronics. If shoppers pause at the greeting cards section, Stop & Shop believes, they are more likely to venture on and discover the full range of general merchandise.

According to William Grize, executive vice president of Stop & Shop's Connecticut division, when it is prominently placed, "customers are instantly aware of the greeting card section. People have to walk by it. And those who shop it do so frequently. We're trying to create buying habits. We want cusstomers to think of going to Stop & Shop for more than milk and bread."

Because supermarkets are becoming more critical to greeting card makers, new fixturing and merchandising programs have been designed to address the special needs of the food store environment.

Ambassador Cards, the mass market-oriented division of Hallmark Cards, Inc. (Kansas City, Mo.), has been especially aggressive in introducing new fixturing/merchandising systems. Like the other two market leaders, American Greetings (Cleveland) and Gibson Greetings, Inc. (Cincinnati), they are designing such programs to fulfill the particular needs of supermarkets. This wasn't always the case.

As recently as the early 1980s, fixture/merchandise systems installed in supermarkets were modified issue, originally designed to accommodate the drugstore trade, says Darrell Fitzgerald, general merchan-

Continued on page 192

FOR YOUR BIRTHDAY
HAPPY BIRTHDAY
GET WELL SOON!
HAPPY BIRTHDAY
WHEN IS YOUR BIRTHDAY ANYWAY?

GREETING CARDS

'We want to give supermarkets exciting departments that remind consumers that a store has a wonderful greeting card department worthy of shopping.'

dise coordinator at Winn-Dixie. "But as food retailers became more important, major players evolved a new generation of fixturing. So the card industry feels the pie is changing. That's why they are so responsive. The card industry has become very attuned to what the food industry wants."

Bob Firnhaber, president of Ambassador, contends that, since the beginning of 1988, the established order in the greeting card business has toppled. "The last 18 months have been a revolutionary period," he says.

Innovations pace times

To keep pace with changing times, Ambassador has established a policy that dictates introduction of new initiatives every six months or so. Perhaps the most important new program in 1988 was the introduction of an invisible fixture program that boosted visibility of cards. Combined with color block signage that simplified the search for card categories within the fixture, the system was designed to help consumers find cards more quickly.

"We hoped that customers would spend more time in the department," says Firnhaber. "We hoped that if the customer could shop faster, she would buy more cards. We find that she does that."

Catching the customer's eye is especially crucial in the supermarket, where shoppers are more harried than ever. But invisible fixtures are only part of Ambassador's solution to corral the speeding shopper, who may experience greeting cards as little more than an ambiguous blur. Ambassador's next initiative was designed to deliver the themes of its various card lines even to customers who treat supermarkets the way O.J. Simpson treated airports.

Power Graphics represented both a departure from traditional fixturing arrangements and a melding of signage and fixturing. Replacing the traditional vac-forms used to display promotions, the Power Graphics system features two-foot theme panels designed to accommodate card fixtures. Each panel consists of irregularly patterned card pockets and large-scale graphics that clearly identify the various themes of Ambassador's promotional card lines.

Power Graphics was designed to permit diverse card lines to be merchandised together without confusion. For example, in the arena of licensed properties, Ambassador can display a set of cards featuring the slightly abrasive cartoon character Garfield next to a new set of Peanuts cards with warm Christian-oriented messages and, because of the signage system, attract appropriate consumers to each panel.

Ambassador's latest initiative, previewed in mid-summer, is designed to boost sales of seasonal cards in the supermarket setting. Thus far, because impulse buying has dominated greeting card sales in food stores, traditional outlets continue to dominate seasonal business. Season Plus, the new Ambassador program, is set to win a bigger share of that business for supermarkets.

According to Ambassador studies, only 20 percent of supermarket customers visit the greeting card department. Yet, the same research indicates that when people shop one of the company's displays, they will make a purchase 86 percent of the time.

So, Firnhaber says, if greeting card companies in conjuction with supermarkets can coax customers into the card department, the rest will take care of itself. Season Plus especially targets those customers who have demonstrated themselves unresponsive to the impulse marketing approach. By creating specific color schemes, signage and point-of-purchase graphics for each holiday, and a year-long theme to unite program initiatives, Ambassador hopes to win the business of strictly seasonal buyers.

Many such buyers still make the special trip to card shops or pharmacies because they believe such outlets have better selections or simply because it is part of their holiday routine, say Ambassador executives. They hope that clearly visible fixture, aisle-topping crown POP pieces, hanging signage, window posters and other high-profile merchandising will win trials—and permanent patronage—from "traditional" customers.

While Ambassador hopes to garner additional sales, Firnhaber says he doesn't believe that greeting cards will likely emerge as a destination department in the near future. But, he adds, that's no problem, because with 80 percent of regular supermarket shoppers as potential customers, there's plenty of growing room.

"We don't have illusions that we're going to become a prime traffic mover in the near future," says Firnhaber. "We want to give supermarkets exciting departments that remind shoppers that a store has a wonderful greeting card department worthy of shopping. We can make the shopping experience more enjoyable. There is still an enormous gap between what we're doing and what we can do."

American Greetings, on the other hand, believes that supermarkets can establish their greeting card sections into destination departments that will build traffic in their own right.

"I see a trend of creating full-fledged departments equal to what you might find in card and gift shops," says Don Marshall, director of retail merchandising and design for American Greetings. "The history I could bring up is that we saw the produce area move from just being a simple presentation of product to an exciting food market environment. Supermarkets have experienced an increase in the boutique-type environment for the destination departments. I believe that will end up happening for the greeting card category as well."

American Greetings' major initiative in supermarket fixturing/merchandising, called Forget Me Not, is designed to simplify selection for consumers and offer more cards per foot of space to maximize linear sales.

Forget Me Not features easily readable signage at the top and bottom of fixtures combined with simple graphics and pocket captions. It can be merchandised with a variety of POP material to ensure the greeting card department gets due notice amid store environments cluttered with an occasionally maddening array of graphic messages.

"In order for our signage to work, we must be strong enough to compete against other strong signage pieces in the store," Marshall says. To accomplish that end, American Greetings developed Smart Mechandising Graphics. "This consists of breaking down the everyday countercard product into one-foot sections and dividing the wording in each section. We back that up with a theme. In the kids/juvenile area we have a festive clown piece."

To boost section profitability, new fixtures have 14-row depth, an improvement over the 12-row standard. Additionally, the Forget Me Not system permits American Greetings to include more card facings, including cards of different sizes, per foot.

further enhancing variety.

"We're able to achieve a 20 percent increase in selection for the supermarket customer," Marshall asserts. "Space is very precious. The retailer is looking for greater productivity through DPP standards and other measuring sticks. Consumers say they want a better selection of greeting cards in the general merchandise section. We've tried to make each cabinet more productive."

While Ambassador and American Greetings want to concentrate almost exclusively on improving home life—i.e., improving the card department—Gibson Greetings prefers to get out and around. To that end, it is emphasizing mobile fixtures that bring card shopping to where the action is.

Of course, Gibson also is committed to department improvement. It has introduced a new signage system, dubbed Spectrum, and improved POP material. But going to the customer via portable displays is key to Gibson's overall strategy, according to Peter Shapleigh, national director, supermarkets.

"We've had success going outside the card department to generate plus sales," he says. "We can put a two-foot by four-foot kiosk in the bakery or floral department and merchandise, for example, Mother's Day cards and related items. Or a bakery (with Gibson card support) can display birthday cakes and put out wrapping paper.

The success of greeting cards lies not only in their high margins. Many supermarket operators and card manufacturers agree that the advent of DPP and other systems of valuation make the greeting card section more attractive. Not only do manufacturers devise fixtures, merchandising materials and promotional graphics, they also maintain displays, cutting labor costs.

But top greeting card merchandisers have recognized still another potential benefit: the ability to cross-merchandise the section. Some concentrate on promotional cross-merchandising, tieing greeting cards with floral, bakery, deli and seasonal departments.

Other supermarkets are recognizing the benefits well-merchandised greeting card departments offer. A&P (Montvale, N.J.) will reposition the greeting card section in its Sav-A-Center operations in a test program executives say is intended to put more "pizzazz" into the store. If the test is successful, A&P will consider repositioning greeting card sections in its other formats.

While supermarket greeting card operations may seem to be strictly a bastion of general merchandise operation, some retailers are looking at the seasonal aspect of the business to aid storewide merchandising in a changing marketing climate. Greeting card manufacturers offer expertise in seasonal merchandising at a time when supermarkets are trying to build such business, especially in service departments.

Jerry Bittner, director of general merchandise at Haggen, Inc. (Bellingham, Wash.), says that a well-merchandised display of seasonal cards offers "visual continuity to bring into other sets." Seasonal—as opposed to product-centered—cross-merchandising can both boost traffic in the card department and establish an atmosphere that promotes trial of holiday and related items.

—MIKE DUFF

Greeting card manufacturers offer expertise in seasonal merchandising at a time when supermarkets are trying to build such business, especially in service departments.

HELP
WANTED

A sure sign that it's time for Angelica Uniforms.

Constant recruitment problems are often the high sign that it's time to employ the help of Angelica.

Our styles and colors are fashionable and fun to wear, so they make uniforms a top-rated employee benefit when attracting new recruits.

And, because all your employees will enjoy looking good, our uniforms can help improve your retention rate as well.

You'll even discover that Angelica uniforms will enhance your stores overall image, to give you a competitive edge in the marketplace.

Call Kathie Galucia or Jim Swieca at 1-800-325-8032 (in Missouri, 1-800-392-8781) and ask about a free Apparel Survey that will help you determine the perfect look for your employees.

And keep the "Help Wanted" sign from becoming a sign of the times around your stores.

Angelica®
UNIFORM GROUP
700 Rosedale Avenue
St. Louis, Missouri 63112

EALTH & BEAUTY AIDS

HBA classifications post gains in dollar volume, with skin care products leading the way.

Some industry leaders have started a mini-crusade to use the term "health and beauty needs" instead of "health and beauty aids." This reaching for a more positive term (in their minds) is commendable, but it won't succeed. How do you say 'HABN?"

By any name used, this category is one of the most volatile of consumer commodity categories. It is greatly affected by fashion and style trends, as well as by chemical and technological advances in product development.

The major product classifications which are included in this area of consumer packaged goods are: hair care, oral hygiene, skin care, deodorants & antiperspirants and shaving products. According to data provided by Selling Areas- Marketing, Inc. (SAMI), food stores accounted for more than half the combined food and drug volume (57 percent). The total volume in 1988 was almost 8 percent ahead of the previous year.

In food stores, all of the above classifications posted gains in dollar volume and they ranged from + 1.9 percent for deodorants/ antiperspirants to + 9.4 percent for skin care.

Hair care

While the overall hair care area grew, there was a mixture of gains and losses by individual categories. Shampoos, hair sprays and conditioners, the three largest categories, all increased in dollar volume, although the shampoo gains were considerably less than the other two on a percentage basis. This was true for drug stores as well as food stores. Home permanents continued their long-term slide and hair dressing products, which include men's products as well as a number of ethnic specialties, also suffered losses. The hair coloring business gained at the same rate as the total hair care classification.

When a new brand is introduced in the hair care field, it frequently cuts across several categories because of the related uses of these types of products. An example is Helene Curtis's Salon Selectives line, which is said to have been inspired by that company's long-standing experience in the beauty salon business. The shampoo and conditioner forms of this new line were introduced in 1987, and the hair spray and hair setting products entered the market early in 1988. During the year, Revlon introduced Clean & Clear, a brand name which has been used over the years for a variety of Revlon entries in the skin care field. Thus far, this new line is represented by a shampoo and a conditioner.

Another example of particular growth in hair care is noted by Ralph M. Sutherland, vice president/general manager, Alberto-Culver Co. Toiletries Division (Melrose Park, Ill.). He says, "Hair spritz and intensive conditioners are selling very well, and our VO5 Hot Oil Formula has tripled in sales over the last three years."

Most of the remaining activity in the hair care field consisted of line extensions and product variations, as existing lines sought to be represented in market segments that showed promise, or as new and potentially profitable niches were discovered.

A profitable new niche in the hair care category, according to Gene S. Ringuette, vice president of sales for Dow Brands' Personal Care Division, is Dow's PermaSoft Instant Mist Conditioner. The product gives consumers a new alternative (spray on-leave in) to traditional con-

ditioners. This expands the market for conditioners to nonusers by virtue of its unique appeal. Ringuette also says, "The teen styling category is growing rapidly, fueled by 'high-consumption users' with substantial discretionary income who are intensely fashion-conscious."

Oral hygiene

The toothpaste business, with its near-maximum penetration of the consumer market, has shown very little change in pound consumption in recent years. Dollar volume has edged up slightly due primarily to price increases on existing brands and the introduction of more expensive brands. Since the market cannot expand significantly by adding more users, one route for growth is to increase the per capita usage. In terms of individual brand growth, the emphasis has to be on taking share points from competitive brands.

The toothpaste market is one of the most aggressive consumer areas, with high levels of advertising and promotion, plus continuing competition in the form of refinements in product formulations, innovative positioning strategies and inventive packaging developments. While one brand may seize a temporary advantage by being first in one of these areas, other brands that want to stay in the competition will generally cover with their own version of the development. Thus, despite the intensity of the competition and the level of the activity, there is a certain uniformity that characterizes the business most of the time.

In recent years, the major product innovations have been tartar-control formulations to prevent or arrest gum problems among adults, and specialized products directed at the children's segment of the market. The tartar-control emphasis began with the Crest entry in 1985. Colgate countered with its version in 1986. Aim and Closeup entered the competition in 1987, followed by Aqua Fresh in 1988.

The importance of the tartar-control segment was explained in a discussion with Jack Haber, marketing manager for Colgate U.S. Oral Care. He said his company sees that area as a permanent part of dental care, and he expects that the major competitors will continue to feature tartar-control formulations in addition to whatever other variations might be marketed. He notes that consumers were quick to accept these new brands and strong loyalties apparently have developed. Not only do the tartar-control products offer help in solving a major dental problem, but the older adults for whom they are most helpful are a population segment that will be growing for some years to come.

As for the products developed for children, the first brand to appear on the market was Aqua Fresh Kids in 1985, followed by Crest for Kids in 1987 and Colgate Jr. in 1988. Some insights into the planning behind the children's products were provided by Haber.

The Colgate project involves several related efforts to help children develop good dental care habits. The most visible step was the introduction of Colgate Jr., a specially flavored, fluoride-based toothpaste, modified in its foaming and abrasion levels to meet the particular needs of youngsters. In addition, there are two new fun-oriented toothbrushes to make the brushing routine an occasion kids will look forward to. These dental care products are featured in an extensive program that Colgate has developed for use in primary schools around the country to teach the importance of good dental care and how to achieve it.

A program like this obviously has advantages for the sponsor. First, there is the immediate benefit of attracting youngsters to the sponsoring brand through their participation in the program and their consequent use of the sponsor's brand. There is also the likelihood of some carry-over goodwill effect on their parents. Second, there is the longer-range benefit of creating loyal users who are apt to stay with the brand into their adult years.

In terms of toothpaste packaging, the pump dispenser remains the major innovation in dentrifice delivery systems. While its share of total volume has softened somewhat in recent years, it still accounts for about 20 percent of category volume on a dollar basis.

Mouthwash was one of the most successful HBA categories in 1988, and certainly the standout in the oral hygiene area. According to SAMI records, the increase in dollar volume in food and drug stores combined was more than 11 percent. In terms of product improvements, the major development in recent years has been the addition of ingredients to fight tartar accumulation. This modification reflects the acceptance that such formulations have had in the toothpaste field.

An indication of the importance of tartar control in mouthwashes is the fact that the brand which contributed most to the category's growth in 1988 was Plax from Oral Research Laboratories, a brand formulated specifically to fight tartar.

Mouthwash was one of the most successful HBA categories in 1988, and certainly the standout in the oral hygiene area.

The two leading brands continue to be Warner-Lambert's Listerine and Procter & Gamble's Scope.

Breath Fresheners, in this case the sprays/drops variety as opposed to the mint/candy form, continue at their low level and slow pace. Airwick's Binaca is the only brand of note. Its progress and that of the market are almost identical because of the extent to which it dominates the category.

The denture segment of the market, comprised of cleansers and adhesives, is experiencing steady growth in dollars in the range of 5 to 6 percent. One surprising finding, however, is that unit volume is flat and even declining marginally despite the continuing growth in the importance of the the older age groups. There have been no significant new product introductions in these categories in recent years.

Toothbrushes have shown some strength, particularly in food stores, which account for close to 60 percent of the combined food/drug business. Dollar gains have been accompanied by unit gains. The first new product in several years is Johnson & Johnson's Prevent, which made its first appearance in food stores.

Dental aids, which consist primarily of dental floss and other teeth-cleaning apparatus, are a minor category but have shown some good growth. This progress is probably related to the greatly increased attention that is being given to the prevention and treatment of gum disease, which is being reflected in the toothpaste and mouthwash experience.

Skin care

Skin care had an extraordinarily good year. The categories included are creams and lotions, facial preparations, lip care products, suntan preparations and blemish remedies. Overall, this product area increased about 10 percent in dollar volume, with creams and lotions and suntan preparations posting the largest gains.

Jim Donaldson, general merchandise manager for Associated Food Stores, Inc. (Salt Lake City), reports excellent growth in the skin care category in his marketing area. "Current trends indicate increasing sales in therapeutic lotions and sun block products," he says. "There also is an upscale trend in the shampoo and conditioner business."

While there were some brand introductions and line extensions that contributed to the growth of the classification, most of the gains came from advances of existing products. This is a reflection of the heightened interest that many people have in general good health and physical fitness. And an important aspect of that

Continued on page 222

PERIODICALS

As the 1980s draw to a close, the number of periodicals and their sales continue to increase, providing supermarkets with a strong profit item and a comparatively high DPP per square foot.

"Mainline" is a misnomer. The supermarket's primary display area for magazines, lurid tabloids and paperbacks lacks the sales impact of the checkout stations, according to most publishers.

"Being in the checkout area is imperative," says Tom Fogarty, vice president of marketing for Time/Life(New York). "For example, there's not one supermarket chain in the country that doesn't have *People* at checkout. *People* is number one for us in supermarkets. Sixty percent of its total volume of 1.84 million copies is sold at newsstands."

To ensure *People's* high visibility at supermarket registers, Time/Life invests "$30 per pocket per year" for the display racks' uppermost pockets, according to Fogarty.

"There's a big battle up front for the primary as well as the secondary magazines. Publishers realize the value of the front-end display," he explains. "In 1980, some 2,000 magazines were available to retailers. Today, there are close to 3,000. The mainline really hasn't increased in space, so publishers are focusing their attention on checkout. In general, the supermarket has become a bigger and bigger part of our marketing plan."

'Competition is fierce'

Thomas J. Daly, director of sales marketing for *Reader's Digest* (Pleasantville, N.Y.), concurs. "The checkout counter is only so big. The number one word that jumps out to me is competitive," he says. "The competition is as fierce as I've ever seen it, and I've been around a fair amount of years (24 with the Digest)."

Jack Fitzmaurice, Jr., president of the Periodicals Institute of Fairfield, N.J., lends further support. "Magazines are an absolute staple at checkout, along with candy and gum," he says. "Tobacco products, batteries and blades are a distant third."

As the 1980s draw to a close, the number of periodicals and their sales continue to increase, providing supermarkets with a strong profit item and a comparatively high DPP per square foot. Fitzmaurice, whose institute develops industry-wide retail marketing and merchandising programs for periodicals, cites the most recent figures as supporting evidence.

"Sages of the industry are crying about publication sales at retail being down. That's not true," he asserts. "In fact, there was an 8.2 percent growth in retail sales in 1988 compared to the previous year. The 1988 sales figure was $5.7 billion."

Paperbacks gain

Mass market paperbacks, in particular, registered considerable circulation gains during 1988, with a 10.4 percent increase in dollars and 5.9 percent rise in units. Total retail sales of paperbacks amounted to $2.3 billion. The magazine share of retail publication dollars was $3.4 billion, which represented a 6.7 percent dollar increase over the previous year. Units were up 3.4 percent.

"Fifty to 52 percent of these sales were made in supermarkets," Fitzmaurice points out.

The emergence of hundreds of special interest titles has brought a new vitality to the magazine business, and at the very least is causing supermar-

Continued on page 198

TOME
TRY
MAGAZINE

PERIODICALS

The emergence of hundreds of special interest titles has brought a new vitality to the magazine business, and at the very least is causing supermarket chains to consider expanding their mainline.

kets to consider the expansion of their mainline. Publications catering to women, hobbies, entertainment, sports and regional interest have become a boon to sales.

"A wider selection of product at retail has become a must for those who want to be in the magazine business," Fitzmaurice says. "More product is needed to satisfy diverse individual needs in the special interest magazine category.

Regional titles do well

"Regional titles continue to grow," he adds. "Admittedly, the volume they have isn't earth-shattering. *Southern Living* is the biggest, with 152,000. But so many publications are catering to regional interest—*New York, Metropolitan Detroit, Connecticut, New England Monthly, Arizona*, etc.—that they've become a major part of the mainline"

The dominance of special interest titles is a reflection of changing consumer needs—of a desire for more information with a narrower focus. Fitzmaurice: "The publishing business is very adaptable. When they see a trend, they jump on it." As a consequence, many of the front-running titles have suffered unit losses in recent years.

However, the industry leader in single-copy sales, *TV Guide*, is taking no chances; its new value-added promotion is a sizable coupon section. "Save $$! 16 Pages of Shopping Coupons Inside," proclaimed the bright reverse-red message located on the upper-right corner of the national rollout issue of June 17-23. Coupons for products ranging from coffee to croutons, frozen lasagna, cereal, after-shave lotion and hair care were contained in the section.

"We've taken the concept of the freestanding insert and turned it into a bound insert in *TV Guide*," explains Alex Urban, national retail marketing manager for Murdoch Magazines Distribution Division, which acquired the remarkably successful *TV Guide* and other periodicals from Triangle Publications (Radnor, Pa). "We tested it in 16 regional editions before the rollout in 108 editions. Five more coupon inserts are scheduled this year and then 26 to 30 issues next year.

'Win, win, win'

"It's a win, win, win situation," Urban adds. For the advertisers, with in-store publicity; for the consumer, with increased value, and for us, with another good marketing message."

With some 16.4 million copies sold in an average week, *TV Guide's* circulation remains the largest of any weekly publication. Some 70 percent of those retail sales are made in supermarkets, the majority at checkout locations, where the digest-size publication stands out and attracts impulse shoppers.

Meanwhile, promotion is the name of the game for ICD/Hearst (New York), even if it means promoting the competition. Frank Herrera, vice president of distribution for Hearst Magazines, cites the company's "beauty program" as a prime example.

"We take some of our titles (e.g., *Harper's Bazaar, Cosmopolitan* and two of Conde Nast's *(Vogue, Glamour)* and put them together in the area of the store which features women's beauty and health products," he explains.

"Our premise is we can sell more magazines in the store if we had more space. This is a bona fide way to get that necessary space. Everybody benefits."

Reader's Digest has developed a plan to keep supermarket managers and other retailers beaming. Effective with the July 1989 issue, the company eliminated the retail display allowance (RDA) and began offering retailers an immediate 30 percent discount off the single-copy cover price.

Previously, the magazine was wholesaled to retailers for 20 percent off. An additional RDA was paid based on the number of copies sold each month. Under the old plan, retailers were forced to wait up to nine months for their reimbursement after submitting sales data.

"For quite some time, our retail customers had been asking us to replace the antiquated RDA system with a discount structure that allows them to collect their profits up front," says Daly.

Change in discount policy

"We're the first major magazine that has eliminated the old plan. We're excited about this change in our discount policy; we've taken the bull by the horns by doing it." And yes, he adds, "We've had a lot of favorable comments."

The Digest executive noted that the introduction of the "pass-through" discount program came at a time when the magazine was enjoying strong single-copy sales. According to the Audit Bureau of Circulation, newsstand sales of Reader's Digest were up 3.8 percent for the six months ending Dec. 31, 1988, compared to the same period in the previous year.

Daly added that the sales figures were especially significant in view of the newsstand slump over several other leading magazines, and the fact that the Digest had raised its cover price by 10 cents, to $1.89, in July of 1988. Supermarket sales constitute about 75 percent of the magazine's 900,000-plus single-copy distribution.

Fitzmaurice, one of the industry's reigning experts, is puzzled by supermarkets which, for a variety of reason, choose not to dedicate a section of their facilities to periodicals. He believes they are missing a plethora of sales opportunities.

"At some of the megastores, the emphasis (on magazine sales) is on quick turns. Most have a checkout program for periodicals, but don't have a mainline section, or they give little space to mainline. That's wrong," he declares.

"Checkout counters are responsible for 55 percent of periodical sales, and mainlines are bringing in 45 to 50 percent in sales. If 80 percent of a store's magazine sales is coming out of checkouts, the manager isn't devoting enough space to his mainline.

Newsstands of the '80s

"Not having a mainline," he adds, "really hurts sales."

In essence, supermarkets have become the newsstands of the 1980s, replacing, in most instances, the downtown locations dedicated to periodicals. Not too many years ago, barely a handful of magazines was available to supermarket consumers: *Woman's Day, Family Circle, TV Guide* and *Reader's Digest*.

Today, a typically well-stocked mainline section contains hundreds of titles, augmented by the checkout section's collection of blockbluster titles and racy tabloids.

A special issue, such as *Sports Illustrated's* 25th anniversary Swimsuit Edition, is capable of providing a major boost to retail sales.

Says Time/Life's Fogarty: "We produced an additional 2.6 million copies of that particular issue this year. We expect to sell 2.4 million, at a $3.95 cover price. Significantly, approximately 45 percent of those retail sales will be in supermarkets, many to female customers."

This is not, as they say, chopped liver.

—DON HARRISON

PRODUCE

With health still a consumer concern and the pesticide issue giving signs of cooling off, the fruit and vegetable category may again meet 1988 growth, given the right support.

In 1988, produce looked like an irresistible juggernaut, growing steadily, if not dramatically, driven by consumer health concerns.

In 1989, it met the immovable object—consumer food safety fears centered around pesticide residues. And what could be the result of the oft-pondered meeting of the irresistible force and the immovable object?

In this case, the juggernaut seems to have continued on, suffering little damage.

But that doesn't mean that fear won't raise its ugly head again. In fact, the next collision between the produce industry and forces advocating abolishing all chemicals, additives and insecticides is likely to occur in the nation's fruit basket: California.

State Attorney General John Van de Kamp has joined with hard-line environmental groups such as the Natural Resources Defense Council and the California Public Interest Research Group to draft a voter initiative which, according to the Western Growers Association, will artificially fuse diverse issues such as ozone, oil drilling, coastal problems and food safety into a total environmental protection plan.

But Van de Kamp, a candidate for the Democratic gubernatorial nomination, is responding to political rather than altruistic motivations, Western Growers insists.

Although the final language of the bill is not yet definite, Van de Kamp and his allies have suggested that it would eliminate or curtail pesticide use in a relatively short space of time, leaving growers groping for alternatives.

Western Growers supports its assertions of Van de Kamp's political motivations by pointing out that a food safety bill, supported by growers, children's health groups and some environmental concerns, has overwhelmingly passed the state assembly and is awaiting action in the senate.

"This is a political move to get name recognition for Van de Kamp and further his political goals," says Barbara Buck, spokeswoman for Western Growers. "Van de Kamp is a Johnny-come-lately to the food safety issue. We're asking, 'Will this return us to the Gov. Moonbeam days of Jerry Brown, who had no understanding of agriculture?' "

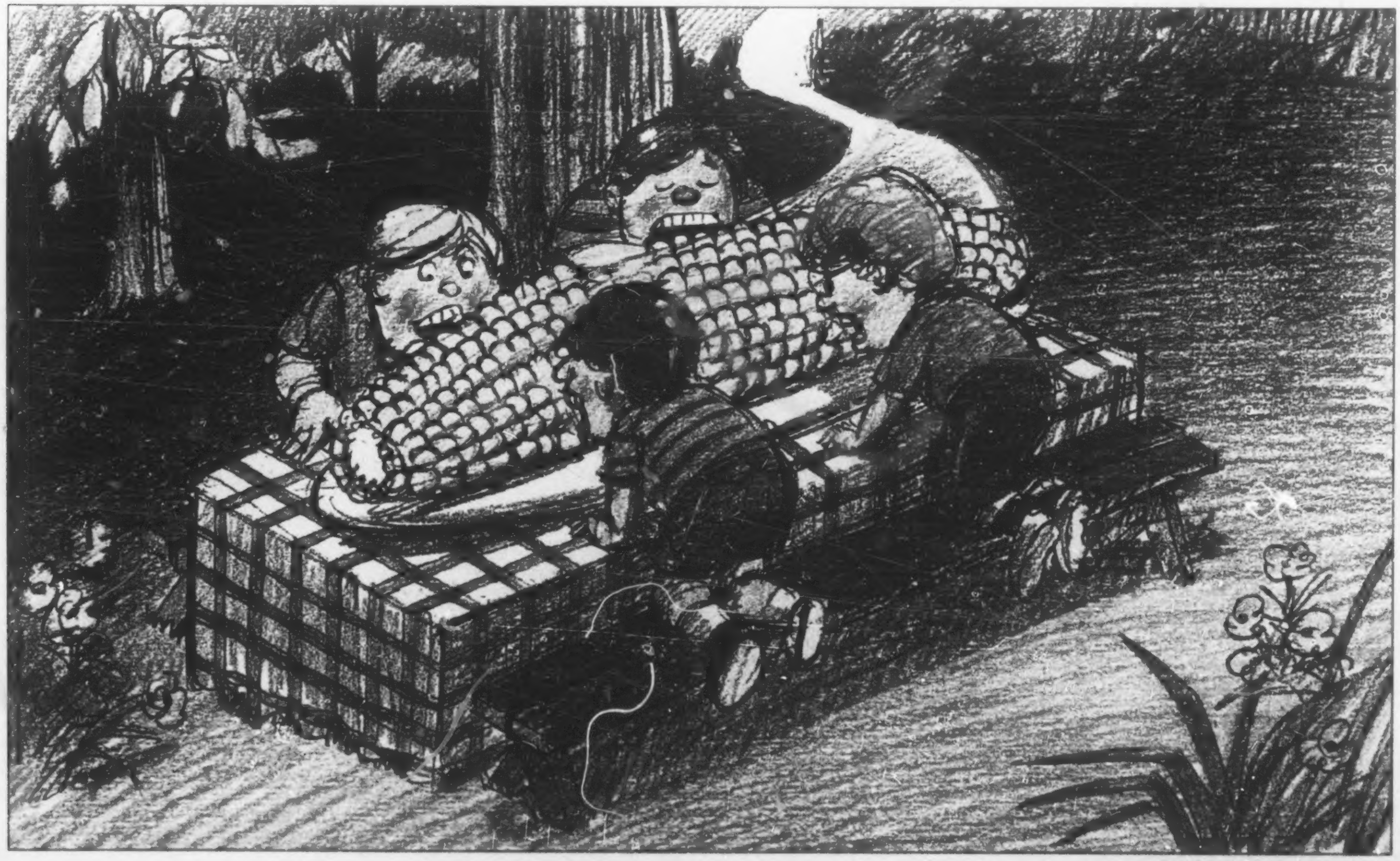
Buck points out that the Bronzan/Jones food safety bill—a bipartisan effort sponsored by Assemblyman Bruce Bronzan (D-Fresno) and Senator Bill Jones (R-Fresno)—not only makes Van de Kamp's initiative unnecessary, it also addresses food safety issues in a more realistic way.

For instance, the Bronzan/Jones bill calls for research into risks that pesticides pose to children. It would set up a scientific body to investigate not only age risk factors, but those associated with sex, environment and ethnicity.

And, perhaps most importantly, the bill deals with biological contamination from microorganisms, fungi and other naturally occurring contaminants—which many health professionals continue to insist pose the real danger to the food supply.

But the Van de Kamp campaign claims that the initiative will strengthen the weak Bronzan/Jones bill. Says Marc

Continued on page 200



PRODUCE

Apples became a convenient media focal point for exploring the pesticide issue along the lines of true—and false—lines of inquiry.

Grossman, campaign spokesman, "A tougher bill was defeated. The Bronzan/Jones bill is an industry bill, so it does very little. The initiative is neccessary for meaningful reform."

In addition to proposing stricter agricultural chemical standards, the Van de Kamp initiative includes transferring pesticide safety responsibilities from the California Department of Agriculture to the state Department of Health Services.

If adopted, the initiative will require DHS to determine permissible exposures based on "health tolerances," says Grossman, and "measures would be revised to protect the health of children." It will also reevaluate safety standards covering farm workers. And, it will set up state programs to measure pesticide levels in processed and fresh foods grown out of state.

But Buck counters that, if the initiative is adopted, it will do little or nothing to augment consumer safety. Instead, growers' costs will increase and, in some cases, certain types of food and vegetables will prove nearly impossible to raise profitably. Thus, prices will rise and some shortage may occur.

"We would prefer to see this issue addressed through legislation, rather than through a costly, unwieldy and hard-to-understand initiative," Buck says. "Growers have agreed to report all the chemicals they use, not only restricted ones, because they want to deal with real chemicals used and real exposures, not exaggerated claims put forward by Meryl Streep and NRDC."

Even if the Bronzan/Jones bill is signed into law, an initiative with a provocative name, such as Children's Food Safety Act—a likely title—will be hard to beat, says Buck.

Apple's image bruised

If anything, the current turmoil in California illustrates that in 1989 the produce industry got lucky. Circumstances served up a scapegoat for the industry: apples. What happened to growers of a commodity symbolically—and vulnerably—tied to wholesomeness in American life is doubly ironic.

Apples became a convenient media focal point for exploring the pesticide issue along true—and false—lines of inquiry. As often is the case with complex issues, the media—and especially television—simplified the issue to fit space or time requirements. In doing so, reports often made health risks posed by Alar and other chemicals seem more acute than even hard-line environmental groups claimed.

But according to many in the produce industry, the media isn't solely to blame for such distortions. They contend that NRDC framed the debate on Alar in emotional rather than scientific terms—especially regarding children's risks—to generate the greatest possible publicity for the group's anti-pesticide agenda.

As a result, the apple industry bore the brunt of consumer reaction to frequently exaggerated risk assessments. Demand for apples dropped dramatically, even though environmental groups continued to tell consumers that eating more fruits and vegetables—including apples!—would make their diets healthier.

But even the poison apple that almost got Snow White had a sweet side. Initial hysteria caused by reports of the dangers of Alar—trade name for the chemical daminozide, which extends the ripeness of apples—and by the U.S. Food and Drug Administration's ban on Chilean fruit, may indeed have caused undue concern. But, in the aftermath, regulatory agencies, the media and the American public have begun to reexamine their reactions to food safety questions. And the advocacy groups that set off the Produce Panic of '89 continue to support greater consumption of fresh fruits and vegetables.

Sales growth seen

In spite of controversy, many retailers and produce associations contend that sales of fruits and vegetables continued to grow in 1989, with some predicting record sales. One reason may well be the supermarket industry's quick reaction to consumer fears, an effort that helped stores retain their produce customers.

In the West, where the health, natural and organic food movements flourish, Ralphs Grocery Co. (Compton, Calif.) hired NutriClean, an Oakland-based chemical assessment firm, to reassure customers that its produce is safe. Kerry Hodges, assistant vice president of produce merchandising, credits sales increases in produce, in part, to the NutriClean program.

As part of its pesticide awareness effort, Ralphs introduced signage to let customers know the chain avoided Alar-treated apples. "We've gotten some added sales because of our programs. That helped to offset the pesticide issue. We also stated that our grapes are California grown."

But even California grapes were subject to controversy in 1989. As the pesticide issue began to take off, the United Farm Workers decided the time was right for a new initiative in their California table grape boycott. The union focused on health problems encountered by some farm workers to expose "dangerous" pesticide practices among some growers. UFW offices around the country began to enlist supermarkets in a campaign to remove grapes from produce shelves.

Some supermarkets responded. John Catsimatides, chairman of Red Apple Cos. (New York), removed California grapes because "a lot of our customers have sympathetic ears to this group (UFW). And I believe they have a complaint about the pesticide matter, which needs addressing."

In spite of instore signage that condemned the use of pesticides on grapes, Catsimatides says the controversy didn't spill over from the empty produce shelves to the full ones. "The effect was negligible. Apple sales were off, but most customers came back when apple growers stopped using Alar."

But what happened to the apple business illustrates what could have happened to the entire produce segment, and what might happen yet.

Prospects sour

In early 1989, apple growers were optimistic, says Derl Derr, president of the International Apple Institute.

"In 1987, we had a bumper crop, but the year was disappointing in terms of profits for growers," says Derr. "The 1988 crop was a little bigger than average and we were optimistic. In late 1988 and the beginning of 1989, our marketing program was going well, until the *60 Minutes* program (on apples and Alar) was broadcast in February. The year was living up to its promise into early 1989, then things turned very sour."

Estimates of the damage inflicted on the apple industry by the Alar scare begin at about $100 million and continue much higher. Another of the ironies of the situation is that, ultimately, the apples that weren't purchased by wary consumers will end up in the food supply one way or another.

Continued on page 202

RODUCE

One reason for predicted continued growth may well be the supermarket industry's quick reaction to consumer fears.

Continued from page 200

"It's an economic issue rather than a per capita consumption effect," says Derr. "In fact, some retailers probably widened margins over the time (of the scare). And a goverment assistance program was implemented in August to skim off the excess supply of the old crop so it will be cleaned up before the new crop is ready."

The U.S. Department of Agriculture will reroute the apples into a variety of programs, including school lunches.

Derr cautions that, to avoid the problems that have plagued apple growers, other segments of the produce business have to watch what they do—and how they do it.

"Growers have to be sensitive to the issues," he says. "They have to take a more proactive role to minimize the use of chemicals."

He adds that the produce industry should prod the government to assume a higher profile in any new crises. "We would like to see government agencies assert themselves and reassure people about the safety of the food supply."

John McClung, senior director of public affairs at the United Fresh Fruit and Vegetable Association, says the produce industry has to get its side of the story before the public. Fruit and vegetable producers have been bruised only slightly thus far, says McClung, also a spokesman for the Center for Produce Quality—an organization formed to develop and promote food industry perspectives on food safety issues. But that doesn't mean the fight is over.

"It would be a mistake to think a series of erroneous reports on the threat to the food supply will affect business," he says. "But it's also a mistake to say a parade of criticism will not eventually affect buying patterns."

Produce sales will keep growing for now, McClung believes. "The positioning is on the side of produce," he says. "Produce's nutrition, affordability and variety have been enough to sustain sales."

Food safety is a resilient issue and when one aspect of the issue dies down, another erupts. "You would think the public would become indifferent, but it doesn't seem to happen. That doesn't mean the consumers are subject to wild swings in buying, but over time, there will be influence," says McClung.

By targeting apples, NRDC set off a high-profile debate that promoted its anti-pesticide agenda, even though it had failed to ignite the issue with other attacks.

"NRDC earlier had fired a broadside with its Pesticide Alert book, which was ignored," said McClung. "A year and a half later, along came Alar and apples. That had a news hook. It was something consumers could do something about."

Bryan Silbermann, another CPQ spokesman and retail staff vice president of the Produce Marketing Association, says the timing was no accident. "Frankly, the way it was handled, NRDC was trying to generate maximum publicity right before (pesticide-related) legislation was introduced. It was all tied to a legislative agenda. If the new (restrictive) legislation fails, NRDC may try it again."

But McClung and Silbermann both acknowledge that, in the climate following the Alar and Chilean grape controveries, lawmakers, regulatory agencies, the press and the public all have begun to question how dangerous such "crises" really are. The result may be more rational evaluations of the issues in the future.

Yet the NRDC contends that it only reported that Alar was the most potentially dangerous of a number of chemicals for which good risk assessment testing was available. NRDC says it isn't responsible for the media's focus on Alar or the risk exag-

Continued on page 204

AKED GOODS

'Many of our suppliers have become much more promotionally aggressive, particularly in crackers,' says a buyer.

Continued from page 157

tent track records in winning consumer acceptance—as much or more than even Nabisco.

Packaged goods have experienced only modest growth at Hy-Vee Stores (Chariton, Iowa), according to Monte Wiese, grocery buyer. What's more, that growth is being credited as much to the chain's growth and the success of its private label brand, as to new products.

"Much of our business is done with Nabisco and Keebler, but we simply don't have the (space) to be able to handle the additional SKUs or line extensions," Wiese says. "We have to constantly be on the lookout that we don't overindulge the lines by adding too many items."

Pushing private labels

However, Hy-Vee does expend considerable energy pushing its private label brand in bread, rolls, cookies and crackers, commonly with the price-quality theme in its local advertising. A continual run of manager's specials also drives the store label.

Nearly all Hy-Vee stores operate instore bakeries, but Wiese believes they complement the commercial lines, appealing to different consumers.

That's not the case at Foodarama (Freehold, N.J.), where sales of the packaged goods are sagging slightly, according to buyer Craig McAteer. He blames the decline on the success of the instore bakery, particularly in breads and rolls. Part of the challenge is that many customers may perceive the sections as operating at cross purposes.

"That may be changing," McAteer notes. "But it's really hard to say now where someone will go. White bread is on almost everybody's shopping list. And, while the bakery is selling a (perceived) fresher product, many of the commercial companies are now offering calorie-reduced breads low in cholesterol."

Wiese mentions Arnold and Weight Watchers as two prime movers in the category. In crackers, he cites Sunshine as being most successful, especially with its wheat items. Also moving up are Nabisco's reintroduction of its peanut butter Ritz Crackers, Double Oreos and Teddy Bear Grahams, he says.

"There are clearly some fad items, such as soft cookies, which are attempting to become regular core items again," offers a buyer at a large New England chain. "But a lot of it has to do with the companies' reacting to consumer pressure on the category, and the fact that so many people are reading labels. They either have to change some of their items or face losing a significant part of their market and market share."

Doug Keller, a buyer at Save Mart (Modesto, Calif.), agrees, indicating that the consumer trend will, most likely, continue. The new product trend will also continue for awhile, he suggests, propelled largely by the inertial competition between the manufaturers, which also carries over into spiraling promotions and deals.

—BRENT FELGNER

Continued from page 60

many operators spent 1988 fine tuning their general merchandise offerings. Many cut back on the variety within some of their product categories.

Five kinds of envelopes?

For instance, operators may have found by looking through the available sales data that they didn't need five different brands of packaged envelopes, and that one or two would do. Or that they really didn't need a full line of office stationery, and that stocking just the basics would be even more profitable.

Perhaps there was a realization on the part of some retailers that if someone really needed a lot of office supplies, or records, or hardware, or anything else they would tend to go to the appropriate specialty shop. By offering the basics in these areas, the supermarkets would be in a better position to get a large portion of the convenience sales within each of these non-foods categories.

This affected sales in a positive way because there tended to be more sales of these basic items, which are usually the faster turners, and caused less confusion for the consumer when it came to searching for these items on the shelves. There was also more shelf space left for the basic items in other general merchandise categories.

Sales of health and beauty aids in supermarkets grew slightly last year. The increase in the department's sales was 5.8 percent, or 5.9 percent once prescription drugs were added in. This wasn't a poor showing, but it was smaller than the 6.7 percent rise in 1987

The indications are that the HBA section has been mainstreamed into the supermarket, customers are comfortable buying products there and sales increases will remain steady, but not skyrocket.

The categories that exhibited the best growth last year in the HBA department were family planning (28.0 percent) and packaged medications (12.9 percent). Both these sections enjoyed growth in drug stores, as well as in supermarkets, due mostly to consumer need for these products.

Supermarrket sales growth in these categories is a function of two factors. More and more stores are now stocking these products. Supermarkets are routinely stocking family planning products, especially condoms, in their HBA aisles as well as in pharmacies, and they are offering a wider selection of packaged medications. There were also more packaged medications available in 1988, with more kinds of analgesics on the market and the changing of many prescription drugs to over-the-counter status.

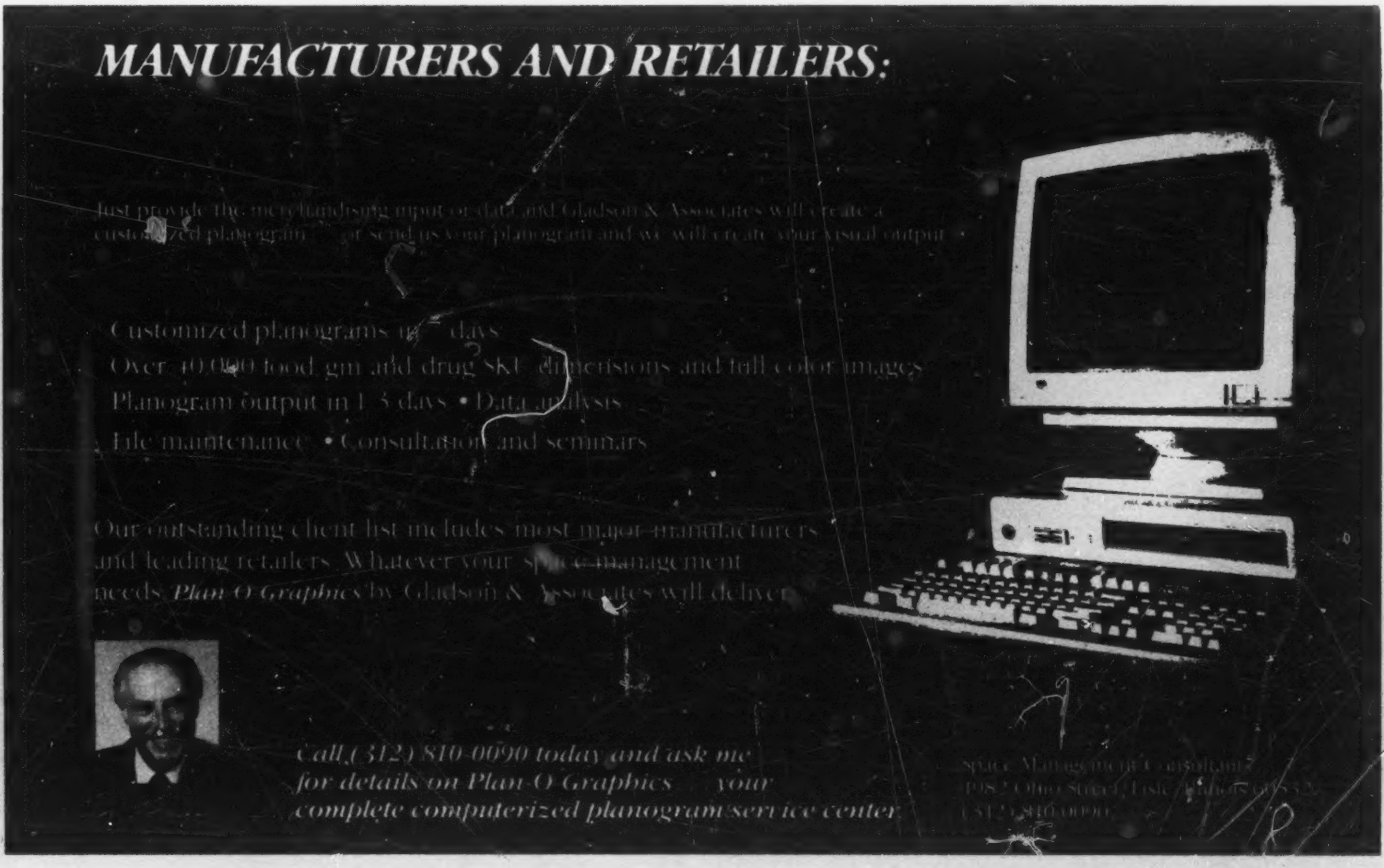
Secondly, consumers appear to be perfectly comfortable in purchasing packaged medications and family planning products in supermarkets. This seems to be true whether a pharmacist is available in the store or not. Better product labeling, and more consumer awareness and education have helped increase sales through supermarkets in both of these product areas.

The grocery industry lost roughly 3,325 stores last year, and has been shrinking at a slightly faster rate each year for the last several. Last year's losses were suffered virtually exclusively by the smallest operators. The stores that closed were mainly those with sales under $500,000. While this group has always felt the brunt of store closings, 1988 was the first time in quite a few years that the number of supermarket units did not also decline.

If there is to be a continued shakeout in the grocery industry, it will likely be at the further expense of the little guy. But the huge wave of store closings has slowed. New stores seem not to be replacements for several smaller stores, as they were previously.

The results from 1988 show an industry that is healthy, that's growing and competing with various segments of the retail industry. The continued growth of the industry depends on the success that supermarket operators have against competition.

The successes must come primarily in the competition with other food-related industries. Seventy-five percent of grocery industry sales comes from food. If the industry loses a larger portion of those food dollars to specialty stores, or restaurants, as they did in 1988, then the industry will be hard pressed to exhibit any real growth. ■



MANUFACTURERS AND RETAILERS:

Just provide the merchandising input or data and Gladson & Associates will create a customized planogram — or send us your planogram and we will create your visual output.

Customized planograms in [illegible] days
Over 40,000 food, gm and drug SKU dimensions and full color images
Planogram output in 1-3 days • Data analysis
File maintenance • Consultation and seminars

Our outstanding client list includes most major manufacturers and leading retailers. Whatever your space management needs, *Plan-O-Graphics* by Gladson & Associates will deliver.

Call (312) 810-0090 today and ask me
for details on Plan-O-Graphics — your
complete computerized planogram service center.

Space Management Consultants
1082 Ohio Street, Lisle, Illinois 60532
(312) 810-0090

Backbone.

You're looking at the backbone of your store.

Your backroom operation supports your sales.

And backroom efficiency and productivity mean profitability.

For over 50 years, Boston Metal Products has led the way with retail equipment solutions

We know what it takes to make your backroom operate productively and profitably.

BOSTON Boston Metal Products

1-800-225-1633
400 Riverside Avenue
Medford, MA 02155
617-395-7417

PROCTER & GAMBLE
NOTICE TO OUR CUSTOMERS

ATTENTION STORE MANAGER:

We offer Cooperative Merchandising Agreements to all retailers in the U.S.A. Some Agreements are annual—some are short-term.

Payments are made for print or electronic media featuring, display, and consumer-directed promotion. Product coupons and samples are distributed in stores in various markets at various times. Details are set forth in specific Agreements. Proof of performance (e.g., tear sheets) and proof of delivery (wholesalers' invoices) are required for some offers. Also, we offer display material, newspaper proofs, etc., to assist you in merchandising our brands.

The above promotional offers are practical and usable by all retailers regardless of size. You may now be performing under an Agreement and payments are being made to you or to your headquarters. Reduced price allowances are also offered periodically to retailers for special purchase or distribution.

If you are not performing or receiving such promotional offers and would like to, send your name, address and telephone number to Procter & Gamble, Box 162, Cincinnati, Ohio 45201 and our sales representative will contact you. Please specify, if possible, the Company Division in whose brands you are interested.

Bar Soap & Household Cleaning Products Division
Beauty Care Division
Beverage Division
Food Products Division
Health & Personal Care Division
Packaged Soap & Detergent Division
Paper Products Division
Richardson-Vicks U.S.A. Health Care Products Division
Richardson-Vicks U.S.A. Personal Care Products Division
Vidal Sassoon

© 1989 Procter & Gamble Co.

PRODUCE

Continued from page 202

geration that marked media reports at the peak of the scare.

"We did a careful job to remind media of the breadth of the issue, but that just didn't take," says Janet Hathaway of NRDC.

NRDC: 'Don't Blame Us'

According to Hathaway, NRDC didn't want consumers to avoid apples. She blames government regulators for the problem. She says that, if regulatory agencies had acceded to environmentalists' demands that they restrict pesticides, NRDC would not have resorted to the consumer campaign that hurt apple growers.

"The damage was unfortunate, but it was the result of reluctance by EPA (the U.S Environmental Protection Agency) to take action years ago and ratchet down on the use of chemicals," says Hathaway. "Growers got caught in the middle."

At IAI's annual meeting in June, in what the apple and produce industry have termed an apology, Hathaway says she "expressed to apple growers that the harm that they've experienced is the result of the regulatory program."

Yet, she insists that growers bear some fault because they've refused to cooperate to cut pesticide use. "We did try to work with the industry, and it rejected our appeal. We tried to talk to Uniroyal (Alar's manufacturer) and the apple trade associations. We didn't get a lot of support."

Although NRDC still may not get a warm reception from the produce industry, the controversy the group set in motion got Alar removed from the market, at the request of apple growers. And the situation has sensitized produce growers generally to consumer concerns about agricultural chemicals.

Yet one produce executive worries that the food industry still isn't taking the food safety issue seriously enough. "The damage to the industry wasn't economically sufficient to get them to put together enough support in the market," he says. With a continuing lack of commitment to educational, lobbying and media efforts, the source says a recurrence of the apple controversy can occur because industry may not have the credibility or capability to respond to charges, from whatever source.

—MIKE DUFF

PET NEEDS

The increase in dual-income families has created greater popularity for cats as household pets. This, in turn, has resulted in an increase in the sales of cat foods and related products.

The past year might have been labeled "The Year of the Cat." Our little independent felines are becoming quite popular, causing an upswing in the sales and new product introductions of cat foods, toys and accessories.

According to Carnation Co., Friskies Petcare Division (Los Angeles), 53 percent of all American households (approximately 47 million) have a pet. Thirty-nine percent of them (42 million) have dogs, while 29.5 percent (26 million) have cats. Despite the larger percentage of dog-owning households, cats in America outnumber dogs, 56 million to 42 million, because of the multiple-cat households.

The popularity of owning a cat can be attributed to demographic changes that have been taking place over the last few years in our households. For example, there are an increasing number of smaller families with both the husband and wife working. With this kind of change, it's much more practical and convenient to own a cat.

"The cat is easier to take care of and requires less assistance than the traditional dog," says Patrick K. Stewart, chairman of ConAgra Pet Products Co. (Omaha, Neb.).

"Twenty years ago mom was home and was able to take care of the dog," adds Judi Kroeger, spokesperson for Alpo Petfoods (Allentown, Pa.) "Now mom is working and doesn't have the time. When parents get home from work, neither one has the time or the energy to go out and exercise the dog. With that in mind, cat ownership has been increasing."

With the trend leaning toward an increase in dual-working families, it often makes more sense to own a cat rather than a dog.

While dog ownership has leveled off somewhat over the past few years, "There is a trend toward these households owning smaller breeds," says Stewart. "Smaller breeds are easier to care for and do not require that much walking exercise."

Transference of needs

According to industry experts, another developing trend is the transference of needs from owners to their pets. Health and nutrition have become an important factor in a consumer's choice of food for his pet. Pets are no longer treated as anything less than a part of the family.

This increase in concern for a pet's well-being has contributed to the gaining popularity of upscale products in food, rawhides, toys and other accessories. No longer are consumers selecting products because they are cheaper. They are willing to pay a few cents more for better quality.

"If Americans are going upscale overall, why not include their pets?" asks Bern Terry, national accounts manager for Superior Brands (Quincy, Mass.). "More than ever, pet owners are preferring premium products over the more traditional ones.

"Four or five years ago no one wanted to pay an extra 3 cents for an item. We really were in a commodity business back then," explains Terry.

"But now it (the pet business) has turned from a commodity business into a value-added business. If you charge a little bit more, but really give the consumer something more, that is what a lot of people are looking for."

There have been many new product introductions over the

Continued on page 206

HAPPY BIRTHDAY!

PET NEEDS

The transference of health and nutrition from humans to their pets has contributed to the increased popularity of upscale pet foods and accessories.

past year in pet foods, treats and accessories, with the majority of them being on the premium level.

Alpo has introduced a canned gourmet cat food called Alpo Good Enough For Me! and a dry version called Gourmet Dinner. The products are nutritionally complete and balanced with a high palatability.

According to Katharine A. Hillman, vice president, marketing, "The product line is targeted toward the cat lover who interacts with her cat as a family member."

The packaging and promotional approach to the product is an upscale one with Garfield as the spokescat. "We believe that having Garfield involved is going to play a key role in the success of the product. We know that once people try it for their cats, they are going to go back and buy more because the palatability is really excellent," according to Judi Kroeger, an Alpo spokesperson.

Kal Kan Foods (Vernon, Calif.) completed a national expansion of an ultra-premium wet cat food called Sheba. On the dog food side, Pedigree Select Dinners, also canned, is aimed at trading up the market from the traditional brands.

"We believe there is still a great deal of space for growth in the market. There's a heck of a lot of business that can still come into the category, and Sheba and Pedigree Select Dinners are intended to be as close as you can get to fresh feeding," says Chris Green, marketing director.

To further coincide with the increasing popularity of cats, Edward Lowe Industries, Inc. (South Bend, Ind.), maker of a variety of cat box fillers, introduced its first dry cat food product in March 1989. Perfect Menu is made with real beef as its primary ingredient and is nutritionally complete.

When asked why the company decided to go in this direction, H.J. Dubrule, director of marketing, responded, "Ed Lowe had been experimenting with the idea for about 10 years because he felt that there was a real opportunity for a premium-quality, premium-priced dry cat food with a high meat content."

Ralston Purina Co. (St. Louis) also introduced a few new products this past year. Purina Prime is a dry dog food that is high in quality and made with real beef. It is 100 percent nutritionally complete and balanced for dogs of all ages.

Also introduced in the South was Purina Beef Complete dry dog food, which is made with more real beef. It is also 100 percent nutritionally complete and balanced for dogs of all ages.

On the cat side there's Purina Cat Chow Plus, a dry cat food made with whole chicken, and Purina Select, an upscale super premium dry cat food made with real meat as the main ingredient.

The super premium category is growing in grocery stores. A perfect example of this growth is in Purina O.N.E.'s performance. Purina O.N.E. is a super premium dry dog food that uses chicken as its primary ingredient. It has been on the market for about three years. In the year ended Oct. 7, 1988, Purina O.N.E. accounted for over 40 percent of the dollar growth in dry dog food sales at grocery outlets, according to SAMI tracking data.

Niche products

There are also a number of pet food manufacturers that provide reduced calorie dog food such as Alpo Lite, Fit 'N Trim and Cycle 3 to take advantage of promotions that contend that American pets, like their owners, have an obesity problem.

These foods are designed primarily as weight maintenance products and tend to have 25 percent fewer calories. "The reasons that you need a product like this on the market is that more than 40 percent of dogs are overweight in this country," explains Kroeger. "They just don't get enough exercise and they get too much to eat."

Tricks and treats

The pet snacks category is up 6.8 percent in sales for 1988, according to the SUPERMARKET BUSINESSS research data in the 1989 Consumer Expenditures Study. This category includes products such as biscuits, bite-size and jerky-type treats.

"The treat category is growing about 7 percent a year, which is a pretty significant amount," says Kroeger. Because it is such a profitable category, it has become the growing section of the pet foods area in the supermarket.

The leader in the category is Nabisco Brands, Inc.'s (Parsippany, N.J.) Milk Bone Brand Dog Biscuits. "We have a 4 to 1 share advantage among our competition," says Caroline Fee, spokesperson for Nabisco. Nabisco's latest introduction was Mint Flavor Milk Bones in April 1988.

Ralston Purina's Beggin' Strips is also new on the market and is a jerky-style treat that looks and smells like real bacon. "The product offers excellent opportunities in the high-growth, high-margin dog treat business," says Patrick T. Farrell, company spokesperson. Purina Biscuits is a crunchy, bone-shaped biscuit fortified with calcium to promote strong, healthy teeth and bones.

Frozen fancy

With the introduction of Frosty Paws, the first frozen treat for dogs, owners can now treat their dogs to their favorite dessert—ice cream. How human can you get? Although Frosty Paws is not really an ice cream, dogs think it is — we think. It is a nutritious alternative.

The product, available since April, is produced by Associated Ice Cream (Westerville, Ohio). "The response has been very positive," says Lynn Nash, product manager. "The majority of retailers have responded favorably. Everyone smiles when they hear about it, but our biggest problem is making them realize how profitable it could be for them, too." Frosty Paws is merchandised next to ice cream in the freezer case and comes in three sizes: large, medium and small.

It is known that supermarkets have a huge percentage of the pet foods business, "about 85 to 90 percent,' says Terry of Superior Brands, but not nearly as much for pet supplies. "As far as the pet supplies category goes, supermarkets have only about 25 to 30 percent of the business, and that's where the real profits are." Pet supplies have margins in the 40 to 50 percent range.

For this reason, many retailers are expanding their pet sections to include a broader mix of products.

A leader in the pet accessories category is ConAgra Pet Products Company, which is best known for its Geisler pet toys, bird and small animal products.

Recently, ConAgra acquired the Sergeant's Pet Care Division of A.H. Robins. Sergeant's is best known for its pet remedy and flea and tick control products.

"By combining Sergeant's line with ConAgra's lines, the consumer gains access to a superior assortment of all those items necessary for the care and enjoyment of pets," says Patrick K. Stewart, chairman of ConAgra.

Continued on page 220

PHOTO SUPPLIES

Film and camera makers are battling for market share, but all the sound and fury may signify little for supermarket sales.

It's been an exciting year for film and camera makers, especially those targeting the mass market in general and supermarkets specifically.

New cameras have been introduced and new kinds of film debuted. Polaroid Corp. (Cambridge, Mass.) has entered the 35 millimeter film business. Fuji Photo Film U.S.A, Inc. (Elmsford, N.Y.), with an enormous marketing initiative, has challenged once unassailable Kodak in the consumer film business.

But at least one supermarket general merchandise specialist says, "So what."

"I don't think it's going to benefit us," contends Jerry Bittner, director of general merchandise at Haggen, Inc. (Bellingham, Wash.). "If I carry three different 35mm films, I'm not going to [illegible] ugh turns (to justify pu[illegible] in prime, up-front sp[illegible] if I have three hooks [illegible] t sellers, I'm going to g[illegible] ns I want."

The essential problem with the photo supply category in general is that, with the exception of ISO (a.k.a. ASA) 100 and 200 35mm and 110 film, other general merchandise products turn faster and are more profitable than cameras and more sophisticated film, says Bittner.

The photo category is growing, spurred to a large extent, by the explosion of point-and-shoot cameras. Such easy-to-use 35mm models have increased in annual sales from two million in 1983 to six million in 1988, according to Polaroid, representing more than half of all camera purchases in the United States last year.

But Bittner's objection poses several provocative questions:

Will the demand for basic film broaden to include new film introductions? With aim-and-shoot cameras emphasizing simplicity, will mass market purchasers become interested in the array of new film products being offered by Fuji? Can Polaroid dent the 35mm market when its loyal customers already have Polaroid cameras? Will the gradual maturation of the point-and-shoot camera market benefit supermarkets by, for example, customers buying newer, more sophisticated models in food stores when they are ready to trade up?

While its rivals are spending big bucks with promotions and introductions, Eastman Kodak (Rochester, N.Y.)—which continues to dominate food store distribution—accepts Bittner's analysis of the market, although the company believes it can build a reasonable incremental business in ISO 125, 400 and 1,600 35mm film as a segment of the supermarket customer base becomes more skilled in taking photos. The company also appears confident that strong market share, consumer loyalty and product quality will keep it dominant in mass channels.

Working with supermarkets

So instead of expanding consumer marketing, Kodak has concentrated on working with supermarkets to adapt in-store operations.

"We're stressing new planograms, improving product mix, multipack purchasing and the potential of photofinishing," says Bob Quiri, national coordinator of food sales. "When it comes to film mix, we're saying that one size doesn't fit all. We're trying to stress speeds like 400 and 1,600. We're ready to tell them our st[illegible] when they ask, 'Why should I carry these?' Supermarkets are reacting well."

Because three top-selling

Continued on page 210

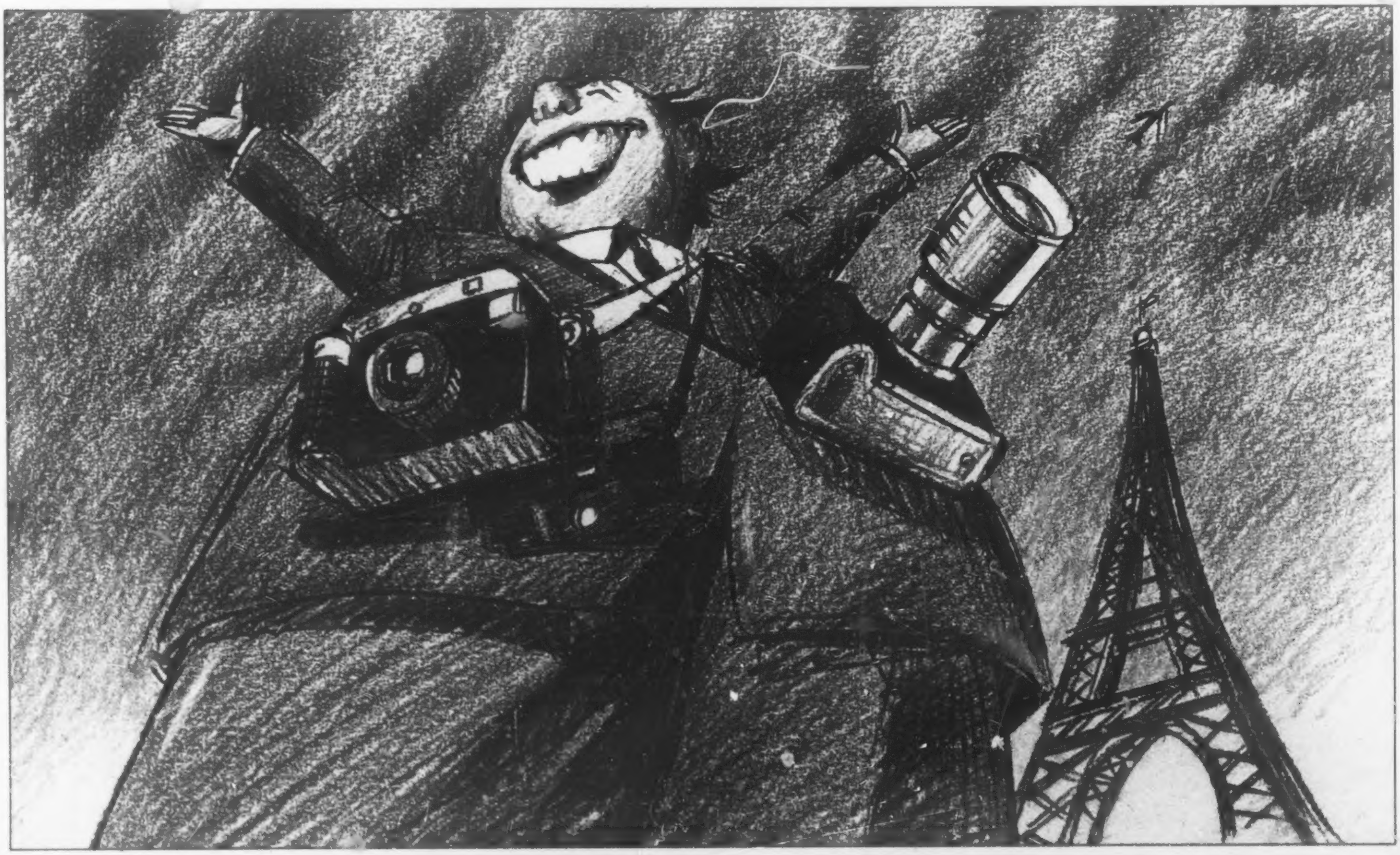


PHOTO SUPPLIES

'The whole category has grown, and there are franchises for different products.'

films and one or two supplementary products can dominate supermarket sales so thoroughly, Quiri says, supermarkets should, with manufacturer support, concentrate on building visibility of the film they have rather than setting competing suppliers against each other.

"There are three areas that generate film sales: the main rack, the checkout program and the minilab situation," he says. "We have all three in many stores. The growth is in (programs like) checkout prepackaged multipacks, in tertiary locations, such as cosmetics and baby foods—at certain times of the year.

"When it comes to minilab growth, supermarkets are really in control. But you can work nearby with secondary prepack programs. And the more that film sells, the more photofinishing sells and the more photofinishing, the more film. If other manufacturers come in, it really cannibalizes at a lower gross profit."

Fuji sees different picture

Fuji, not surprisingly, sees the market developing along drastically different lines.

Fuji launched perhaps the most dynamic consumer-oriented marketing programs in the photo supply market for the last several years— including, among its lighter initiatives, the Fuji blimp. A smaller cousin of the Goodyear blimb, Fuji's airship has become a mainstay at many sporting events in its own right.

The company is banking on building a franchise by encouraging trial with strong marketing and quality products. Customers will appreciate the variety of products Fuji offers as they become more photographically sophisticated, which will prevent supermarkets from losing film customers to other distributors, the company asserts.

"We experienced double-digit growth last year (1988) and we're coming in with double-digit growth this year," says Ron Dubner, national sales manager of Fuji's food and drug division. "We have exciting programs that bring consumers into the store."

One Fuji program has struck consumers as particularly haunting: The company has a major promotional tie-in with the movie *Ghostbusters II.*

Dubner calls the promotion "very successful. It includes rebates, T-shirts, mugs and other merchandise. Kids and mothers love it."

Stressing rebates

Rebates have been important in Fuji's marketing efforts as part of the effort to encourage product trial. For example, the company is offering a starter pack of 12-exposure film that includes special pricing and rebates. With discounting, cost to consumers runs between 69 and 99 cents per roll.

Such programs particularly benefit supermarkets that offer processing because they encourage consumers to return to the store to take advantage of development service, says Dubner. And Fuji also gets a chance at repeat sales.

While Dubner concedes that some of its amateur-oriented film will never sell big in supermarkets, he contends that emphasizing consumer promotion, product variety and quality will generate sales, and make the company particularly responsive to supermarket customer needs. On that basis, Fuji can build the consumer loyalty

---

DAIRY

Many of the newest products that address the needs of health-conscious consumers appear first in the dairy case.

Continued from page 174

want for health reasons but with a dairy taste," says Mike Fronk, vice president of marketing services and new consumer products for Land O' Lakes. The spread market is a growing one because manufacturers can create a variety of products to fit special needs of the consumer.

"There are also many new light sour creams that will cut half the fat, but leave all of the flavor," he says.

Good news for egg lovers

Egg sales have declined over the years with the concerns over cholesterol intact. Recently, new tests were run on eggs and it appears that the Federal Handbook put out by the U.S. Department of Agriculture (USDA) overstated the amount of cholesterol in eggs. This is good news for egg lovers. It is 213 instead of 274 milligrams. Some producers are also lowering their eggs' cholesterol through use of special natural feeds.

The newest crossover from the health food store to the dairy is the increased demand from the consumer to have organic eggs. The chickens that produce them are fed pesticide-free feed; the eggs are fresher, but often twice as expensive. This does not seem to matter to the buyer. One company, Country Hens, which mainly services the Northeast, found that its eggs were four times higher in Omega-3 than ordinary eggs. This is the fatty acid found in some fish that deters heart disease. Country Hens sells its eggs by the half-dozen so that single and elderly consumers can always buy them fresh. The trend toward more attention to eggs and their food value may open up a new market in dairy in the next few years.

Along with the consumer health kick comes an increased number of refrigerated juices and drinks in the dairy. The convenience of these premixed drinks and the consumer's perception that these are fresher than cans make this a fast-growing area. The trend is toward blends. In addition, well-established fruit producers are making juices with their already-proven names. It gives a consumer a feeling of premium quality when the name of Dole or Ocean Spray is on the label.

Chiquita Brand has a banana and orange juice blend with information about potassium on the label. Dole has a line of Paradise Fruit drinks, which are mixtures of tropical fruits such as pineapple/orange and guava, pineapple/passion fruit and banana. These juices say fresh and natural, and there will more and more entries in this category next year. In just a few years the case space allotted for juices has grown eight times larger.

The newest area in the dairy that is growing enormously is the prepared or ethnic foods section. It stays mostly centered on Mexican entrees to heat and serve, but fresh pizza crusts are very popular as well. Biscuit dough sells much more in the southern states, but in the next few years changes in refrigerated dough options will expand and include the other regions as well. Some of the larger food companies are setting up kiosks near the dairy to sell refrigerated take-home entrees. There will be more and more related refrigerated products that can be racked together so that dairy deliveries can be carefully watched for freshness.

The dairy industry itself is quite involved in educating the consumer about the benefits of its products, and in this time when freshness and consumer trust are so important, the dairy department can be a place where customer loyalty and repeat sales can be greatly increased.

—PAULA PERLIS

that will help it win market share from Kodak.

Dubner notes that the advent of larger, more departmentalized super stores offers film manufacturers more opportunity both to get a foot in the store and to broaden what is available in each line. "Go look at the stores. The whole category has grown and there are franchises for different products. There is no doubt in my mind that Fuji has a franchise."

He agrees with Kodak, that minilabs also create new opportunities, though Dubner emphasizes opportunities for line introductions and extensions as most important. "We've found that everywhere supermarkets have put minilabs, film sales increased dramatically."

He adds that minilabs themselves offer additional profit potential, boosting the photo department's status. "It's as if the film doesn't leave the store. Customers are getting the best quality prints and the customer doesn't mind paying more because of the process's quality and convenience."

While Fuji is pursuing a multipronged attack on Kodak's market share, Polaroid is making a single stab. The instant development specialist is offering a simple film program targeted at owners of point-and-shoot 35mm and 110, 126 and disc cameras.

Polaroid says: Simplify

According to Polaroid, its market research concluded that consumers rank general-use film—suitable for most picture-taking occasions—as the top requirement for the snapshooters who compose the bulk of mass market customers.

For the 35mm market, OneFilm offers a 200 ISO product that "takes the confusion out of buying film because it is the right film in bright, in low light or indoors with a flash," said Carl Yankowski, Polaroid's vice president of marketing, at the program's introduction.

OneFilm helps "amateur photographers cut through the buying clutter," adds Gregory Venne, U.S. Marketing Communications Manager. The product has become available on 15,000 retail counters since its introduction in April, he says, mostly where Polaroid's instant film already is available. Supermarkets that offer the product, Venne says, include A&P, Safeway and Kroger.

Polaroid has supported OneFilm's introduction with television and radio advertising as well as freestanding inserts including 50-percent off coupons and "Customerchandising": a program in conjunction with retailers that offers a customer free processing, a free second set of prints, free enlargements or four rolls of OneFilm for the price of three.

Recently announced marketing plans for the second half of 1989 include continuation of the company's media blitz, more instore promotions, product sampling and such consumer promotions as sampling via van appearances at high-traffic summer locations coordinated with radio ads.

"With a new conventional film we are achieving the contemporary vision of Polaroid as a complete resource for imaging products—including instant, electronic and now conventional media," said Yankowski at the introduction. "The introduction of OneFilm in no way implies a departure from Polaroid's long-standing dedication to instant photography."

To that end, the company is offering 600Plus instant film that incorporates aspects of its new Spectra System technology for its OneStep and Impulse cameras. The film introduction has been backed by a "Frequent Smile" program, which offers free travel on Pan Am for purchasers of 600Plus film.

Camera popularity aids film

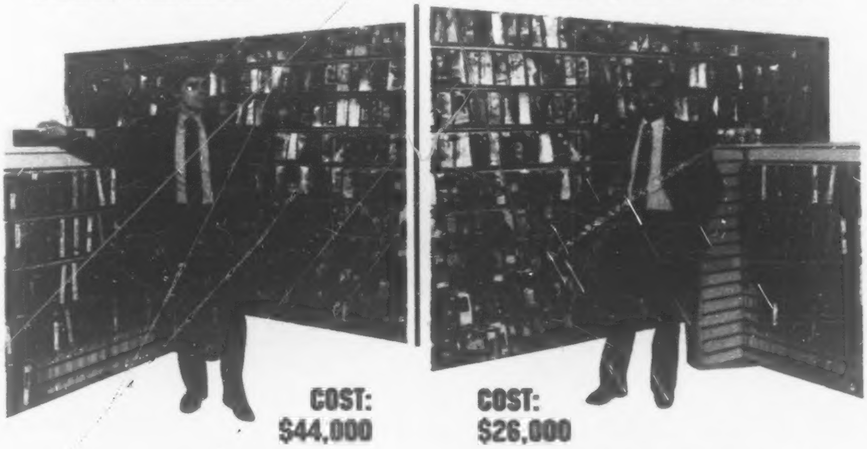
Yet, at least for the time being, 35mm should continue to be where the action is. And, whatever the effect of new film lines on supermarket sales, continued strong movement of point-and-shoot cameras should keep the film market growing. Additionally, innovative products like disposable cameras have added what Kodak's Quiri calls purely incremental sales for supermarkets. He adds that, while point-and-shoot cameras become more complex, supermarkets will benefit primarily from the increase in film sales that this will encourage.

"Tonnage cameras—selling for $75 to $180—will sell in supermarkets, which will sell only a handful of other (more complicated) cameras," Quiri states, "but this will drive our business because they improve the kinds of pictures that consumers have printed."

—MIKE DUFF

'With a new conventional film we are achieving the contemporary vision of Polaroid as a complete resource for imaging products—including instant, electronic and now conventional media.'

THE HARD WAY. THE VBI WAY.



Mr. Brown spent over $40,000 to stock his video department with brand new tapes.

Not to mention the long hours he spent choosing the right titles, or the parade of vendors he had to contend with, or the tedious processing of all his inventory.

You might say Mr. Brown learned the hard way.

Mr. Green put the same careful planning into his new video department as Mr. Brown did for his.

In fact, Mr. Green's inventory is *identical* to Mr. Brown's, tape for tape, title for title.

But Mr. Green set up his department with just one phone call to the nation's source for quality previously viewed tapes. And saved almost $20,000 to boot.

He called VBI.

Video Brokers International
56-69 58 th St., Maspeth, N.Y. 11378
Call toll free: 800-843-3618
In New York: 718-417-7300

Terms available for qualified buyers.

Nintendo Games in Stock!

BUILD YOUR BOTTOM LINE WITH OUR QUALITY LINE.

Sunny Delight
Florida Citrus Punch
Sunny Delight
Florida Citrus Punch
Apple Juice Cocktail
Orange Juice Cocktail
Orange Juice Cocktail

Sunny Delight®, America's #1 refrigerated juice drink, with a 35% share of market, remains the top seller in your refrigerated case. And we support Sunny Delight with effective TV and radio advertising and consumer promotions. And 1989 will be greater than ever:

Television

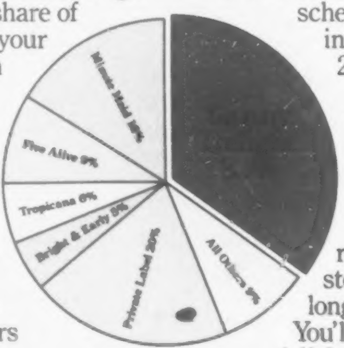
Game shows......................All year long
Cable TV..............1st, 2nd and 4th quarters
National syndicated TV ....1st, 2nd and 4th quarters
Spanish language TV ....All year long

Radio

Spanish language............2nd and 4th quarters
Black.......................2nd and 4th quarters

Magazines

Better Homes & Gardens, McCall's, Good Housekeeping, Woman's Day, Ladies' Home Journal, Family Circle



Source: 1988 Independent Research
12 week share

National Consumer Promotions

1. Thematics—28 million circulation each, two major events scheduled. So successful in 1988 we're running twice in 1989.
2. National UPC Hunt Promotion—48 million circulation
3. National Halloween Promotion—48 million circulation

Ask your local Sunny Delight broker representative for more details.

For greater profits in your refrigerated beverage section, stock up on Sunny Delight's long line of quality products. You'll quickly see why "Nothing delights you like Sunny Delight."

Sunny Delight is a registered trademark of Sundor Brands Inc. © 1989 Sundor Brands Inc.

EFRIGERATED FOODS

Food manufacturers say the combination of new products and expanded lines will force supermarket retailers to eliminate some items and make tough choices about which chilled products they will sell.

The chilled-foods market continues to expand and mature, driven by an increasing consumer demand for more fresh, high-quality items that shoppers consider better-tasting.

Several of the country's largest refrigerated foods suppliers are introducing a wider range of products in the area, and adjusting the scope and focus of existing products.

Other makers are nearing the completion of costly programs designed to spread distribution of their existing chilled lines across the country. Food manufacturers are also pointing to an eventual shakeout in the category. They say the combination of new chilled-food products and expanded lines will force supermarket retailers, who are slowly enlarging their refrigerated sections, to eliminate some items and make tough choices about which chilled products they will sell.

Juices headline the non-dairy, chilled-foods market, with orange juice the clear leader within the segment, followed by several other juice flavors and the fast-growing blended juices area.

Freshness fuels growth

Retailers and makers agree that a growing consumer penchant for freshness and nutrition are fueling the growth. Simply put, shoppers perceive these items to be healthier and better-tasting.

"I think there's still growth (in chilled juices)," says Dick Billstein, a buyer for Dierbergs Supermarkets (Chesterfield, Mo.). "Maturation is definitely the key word."

According to Billstein, retailers eventually will be forced to "weed out" items within the refrigerated case. "Although I can't pick out any one outstanding entry, there are a bunch of new products such as chilled potatoes. We've taken more of a purist approach. We're not adding all of the variety of items available for our dairy case.

"There are more sizes available in blended juices now; the category is becoming crowded with new players," he says. "Also, the 96-oz. orange juice sizes have been very successful. We're seeing growth in that product."

He added that a number of non-juice items are retailing well in the refrigerated coolers. "Jell-O Pudding Snacks has been a very good product. The best thing that could have happened to Swiss Miss (which also markets a chilled pudding product) is the addition of Jell-O. It's made Swiss Miss more competitive."

"Clearly, the category is growing," says Martin Gutfreund, vice president of administration for orange juice leader Tropicana Products (Bradenton, Fla.).

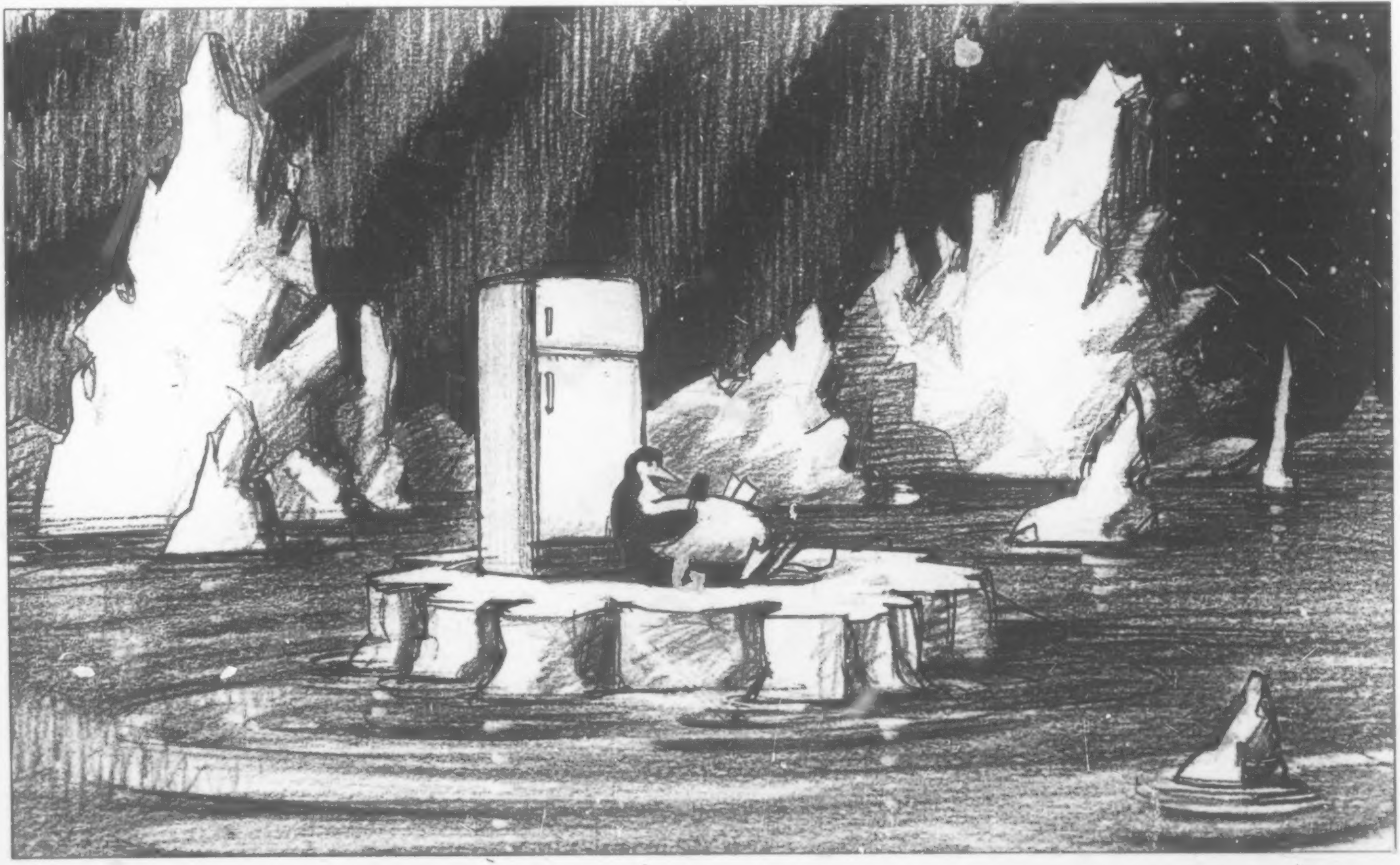
"In fact, Tropicana's Pure Premium has been singularly instrumental in growing the category," he says.

'A category unto itself'

Gutfreund explains that the consumer's desire for ready-to-serve products is creating "a category unto itself within the chilled foods market.

"Convenience has been the primary factor. People have noticed a flavor value benefit in ready-to-serve as opposed to concentrate."

Continued on page 214



REFRIGERATED FOODS

'The retailer has to know that he's getting a return on the space in his cooler. Obviously, the refrigerator is a major investment. They're going to move cautiously.'

The supplier markets Pure Premium and Pure Premium Homestyle not-from-concentrate orange juices. The Pure Premium line is currently the only Tropicana product package in the company's polycompound Duallock container composed of seven layers designed to slow spoilage and eliminate aftertaste. The packaging is used only in the company's 96-oz. versions.

Gutfreund reports that Tropicana experienced an overall sales increase of 28 percent for the two products last year.

"The market (for all orange juice products) was down about four percent in total last year, while we were up six percent," he says. "For us, the increase was clearly driven by Pure Premium and the large containers. There are a lot of families that prefer the large-size item."

Doing the Twist

Tropicana's dry-shelf line, Tropicana Twisters, will shortly "approach the $100 million sales mark," says Gutfreund, after little more than one year on the market. The group consists of orange- and grapefruit-based juice flavors blended with other juices. Gutfreund says that some retailers are selling the item through in chilled sections. "It's a shelf-stable item, but because people are drinking them cold, they move well in either the produce section or the dry-shelf market."

In addition to two new Twister flavors (Orange/Raspberry and Orange/Peach), Tropicana is introducing a "rainbow palette" merchandising display for retailers that Gutfreund says can be set up in three minutes.

Tropicana's arch-rival, Coca-Cola Foods, markets Minute Maid orange juice, whose entry into ready-to-serve chilled orange juice was made last May with the introduction of the Premium Choice line.

"We rolled it out last June in Boston, and it's now available in the entire state of Florida, throughout the Northeast including New York, and in Washington and Boston," reports Dan Shafer, director of public affairs for the Houston-based supplier.

"It's going very well. Our chilled orange juice share is up in all of the markets we are in, and the product is profitable but it's still in the early stages."

According to Shafer, the growth of the ready-to-serve market prompted his company's entry into the category. "We're looking at double-digit growth in the chilled orange juice segment. Consumers like the product, and as we come out with more products and better packaging, the category will grow.

"Previously, the category had not been large enough for Minute Maid to get into. But due to changes in the product, packaging and price, it became large enough for us to make an entry," he says.

Not-from-concentrate

"There's a core group of consumers that likes this kind of product. Not-from-concentrate is the fastest-growing segment of the orange juice segment and it's still growing."

Premium Choice is also available in 96-oz. aseptic plastic containers in New York and Philadelphia. Shafer says the containers "are sterile before packaging and help juice stay fresher longer." In other markets, Pure Premium is sold in 64-oz. "foil-equivalent" lined cartons.

In addition, the marketing of Minute Maid's two-year-old calcium-fortified orange juice continues, and on June 1, the company added a toll-free consumer hotline featuring information on the product and its benefits, said Shafer.

However, Minute Maid is reassessing its Light 'n' Juicy line of diet drinks made with NutraSweet. "It's now available only in chilled versions," he says. "We're looking at that product and trying to decide what to do with it."

Shafer agrees that retailers are adding cooler space at a rate that lags slightly behind the growth of offerings in the category. "The retailer has to know that he's getting a return on the space in his cooler. Obviously, the refrigerator is a major investment. They're going to move cautiously."

"The category (refrigerated foods) is growing and will continue to grow," says John Kirtland, divisional manager for chilled products at Ocean Spray Cranberries.

Convenience and freshness

"The consumer wants and desires quality, convenience and freshness. Chilled products don't have the average shelf life requirements that other categories do."

Encouraged by the results of a series of test-marketing ventures performed last year, the Lakeville, Mass., supplier has introduced a line of chilled diet juice products that have only two-thirds the calorie content of other juices, says Kirtland.

The diet juices will initially roll out across about 20 percent of the United States, including major markets such as New York, Philadelphia, Chicago, Washington and Baltimore.

"The major news for our brokers and customers is that while we've had (chilled juice) products in some regional markets, this introduction will be supported by a wide television advertising campaign," adds Kirtland. He explains that while most juices average between 90 and 100 calories for a 64-oz. carton (in which the new Ocean Spray juices will be sold), the new diet products will range from 15 to 30 calories.

Made with NutraSweet, the new Ocean Spray juices "contain at least as much juice as our normal juice drinks. They are not watered down to reduce the calorie content. We haven't taken anything out of the product except the calories," says Kirtland.

The juices are sold in cranberry juice cocktail, apple/cranberry and cranberry/raspberry flavors.

According to Kirtland, the addition of another Ocean Spray line to the chilled-juice category will boost sales throughout the section, because Ocean Spray's dry shelf goods are "the fifth-largest branded line of items in the store.

"We hope retailers and managers will be excited to see that we're bringing the power of Ocean Spray to the refrigerated category."

The supplier's existing chilled products, Crantastic, a blended juice drink, and Pink Premium, a 100 percent pink grapefruit juice, are holding their own despite a slowdown in overall grapefruit-product sales, says Kirtland. "These products have shown amazing resiliency in the face of what's going on in the cabinet. They're day-in and day-out repeat business, and are steady contributors in the markets in which we have them."

In terms of the overall market, Kirtland says the space retailers are allocating for chilled products is growing, but adds that the category is still underrepresented.

Following rather than leading

"Retailers are following rather than leading the growth of the business," he says. "The development of new products and necessary consumer interest will push the category, but

Continued on page 241

SNACK FOODS

The snack segment—seared by last year's drought, which forced potato and other commodity prices up and margins down—is expecting a more favorable business climate ahead.

Bolstered by a bevy of exciting new products (as well as favorable long-range weather reports), snack makers are answering America's call for healthier food by eliminating salt, fats and tropical oils, and for convenience by offering more microwavable items.

The retail snack food industry topped $10 billion in sales (10.28 billion) for the first time in 1988, according to figures just released by the Alexandria, Va.-based Snack Food Association (SFA). Projections call for another strong year. At the same time, however, concerns linger in some quarters that competition for retailers' shelf space is growing grim, forcing companies to pay dearly for a little elbow room.

Snack makers are answering America's call for healthier food and convenience by eliminating salt, fats and tropical oils, and by offering more microwavable items.

The snack segment's largest companies weathered the drought nicely. Dallas-based PepsiCo subsidiary Frito-Lay Inc. reported U.S. retail sales of $2.85 billion (up 5.4 percent), more than $1 billion of which came from Doritos brand Tortilla Chips worldwide. Sales of Frito's Cool Ranch flavor Doritos leaped a reported 30 percent last year, to $270 million. Ruffles and Lays Potato Chips notched another $1.2 billion in domestic sales. Columbus, Ohio-based Borden Snacks Group, which has grown substantially through recent acquisitions, notched domestic sales of just under $1 billion, and another $1.5 billion internationally. The company's kettle-cooked potato chip line, Krunchers!, did $35 million in sales last year. At year's end an Alfredo-flavored chip was added to the line's mesquite-, regular- and jalapeno-flavored varieties. Krunchers! is slated for national expansion.

Keebler Co. (Elmhurst, Ill.) garnered $100 million from two new products last year: O'Boises Potato Snack Chips and Suncheros, a tortilla chip. The company also undertook the task of eliminating all fats and tropical oils from its products, and added nutritional labeling to its packaging.

Eagle Snacks, Inc., a wholly owned subsidiary of St. Louis-based brewer Anheuser-Busch, Inc., raised sales a reported 20 percent, but has still not moved into the black. But according to Eagle vice president and general manager Kevin Bowler, the company's sales for the first four months of this year are up 70 percent over 1987. "We found out that we needed to be a snack for everybody," says Bowler. "Our niche had to be less specific; we had to expand our user base, and make snacks for the family, not just for aficionados."

In all, roughly 75 percent of snack makers reported to SFA that sales and volume rose an average of 10 percent in 1988; 80 percent are projecting 10 percent increases for 1989, as well.

Many manufacturers are growing their product lines not by adding new products but "more and more by flavor extension of existing lines," according to Walt Schaeffer, president of DSD Management (Orange, Calif.), a route-sales consulting firm. "It's always been very expensive to launch a new brand. Frito's, for example, had a disaster three or four years ago when it tried to stuff new brands into the market."

Among the hottest products

OGGIE
CHIPS

SNACK FOODS

Among the hottest products in 1988 were potato chips, popcorn, tortilla chips and pork rinds.

in 1988, according to the SFA's comprehensive 1989 State-Of-The-Industry Report, were:

—Potato chips. Retail sales hit $3.598 billion, an increase of 4.8 percent over the prior year.

—Popcorn. Total sales of 1988 were $1.38 billion, up 19.4 percent over 1987. The largest gain came in microwavable popcorn, where annual sales jumped 28.4 percent to $872 million. Ready-to-eat popcorn sales rose 23.3% to $270 million.

—Tortilla chips. Sales reached $1.844 billion, a 2.4 percent year-to-year gain.

Another hot category—reportedly stirred by President Bush's preference—was pork rinds, with sales up 11.4 percent, to 70.5 million.

Not all categories flourished, however. In 1988, dollar sales of unpopped popcorn dropped 7.8 percent over 1987. Snack nut sales were down 6.7 percent, and corn chips dipped 2.2 percent. Pretzel sales rose 2.4 percent last year, primarily due to price increases; volume dropped 2.8 percent.

Promotions were important in 1988: According to SFA figures, 37.8 percent of all salted snack volume resulted from merchandising support, including price reductions, features, displays, or some combination. More than 89 percent of snack executives polled said they used extra in-store display locations and price reductions. More than 85 percent termed display locations "effective to very effective." Some snack executives have predicted that the decreased availability of potato-based products due to last year's drought may increase the number of promotions on other products this year.

Slotting allowances

Another area of deep concern to industry executives has been slotting allowances—in effect, paying retailers for additional shelf space.

Al Rickard, director of communications for the SFA, says it is becoming "increasingly difficult for new products to find a place on retailers' shelves. It is increasingly expensive, too, in terms of slotting allowances. It's a trend that goes well beyond the snack industry.

"It's not so much that the price per foot is going up, but more and more retailers are demanding it," says consultant Walt Schaeffer.

"It's a dead-end situation. If a retailer insists on these slotting allowances on an ongoing basis, it will mean a lower rate of profit for the snack company and higher consumer prices. The thing that kept it at a bare minimum for so long was that Frito-Lay, with about 50 percent of the market share, just refused to get involved. Now it's not refusing anymore."

Schaeffer predicts that "if the industry is going to return to the dynamic growth it once had, it's going to have to get away from the checkbook marketing approach. Space that you earn you normally get to keep for a while. Now, it's only yours until someone comes up with a higher price; it's only a rental."

According to the SFA, the average price of potatoes increased to $9.30 per hundredweight in 1988 due to the drought, compared with just $8.80 the year before. Potato stocks were down 18 percent over 1988 levels. A report in the association's official publication, *Snack World*, noted that "there are concerns that processors may compete more aggressively for fresh supplies this summer as 1988 stocks continue to decline ... Some fear a supply crunch may lead to the rationing of french fries by some distributors."

The U.S. Department of Agriculture estimated that last year's corn crop was down 37 percent. Soybeans were also affected. More than 30 percent of snack manufacturers' costs went to commodities and ingredients, it is estimated. Dr. Michael Evans, consulting economist to the American Production and Inventory Control Society, predicted in an interview late last year that a 1989 drought could bloat farm prices by a whopping 30 percent.

Pressure on profit margin

"There has been a lot of pressure on profit margin in the past year because of the drought," acknowledges SFA's Al Rickard, "especially on the chip portions of the business. It significantly raised the open market price of potatoes, and decreased availability." Schaeffer agrees, noting that "the drought hurt the industry as a whole, primarily because of the price of potatoes."

Eagle Snacks' Bowler predicts that profits in 1989 "will be more difficult due to the drought. It had a major impact not only on potatoes, but on oil and corn costs. It pretty much affected 75 percent of our product line."

Amid the furor over animal fats and tropical oils (such as palm, palm kernel and coconut oils), many snack companies have introduced new products—or reformulated existing lines—without them.

Snack segment leader Frito-Lay Inc., for example, reportedly began developing alternative recipes as early as four years ago.

In 1988, the company introduced Doritos brand Light Tortilla Chips, trumpeting the fact that they contain one-third less oil than regular Doritos. Frito-Lay also began testing low-oil versions of Ruffles brand Potato Chips and Chee-Tos.

Procter & Gamble reported strong sales of its Pringles Light Potato Chips, which also contain less oil.

In March, Keebler joined a growing list of snack makers (including Lance Inc. and Sunshine Biscuits) that have begun to remove tropical oils and animal fats from their products. The removal of coconut, palm, palm kernel oils, beef tallow and lard has sharply reduced the amount of saturated fats in its products. For example, the saturated fat content of Keebler's Town House and Club Crackers has reportedly been reduced by 75 percent; Vanilla Wafers by 50 percent. The company has also added nutritional labeling on all of its products. "This is a completely voluntary move on our part," says Thomas Garvin, Keebler's president and chief executive officer. "We've been working on the reformulation for more than a year."

Banishing tropical oils

"We are the only major company that has made a commitment to remove all tropical oils and lard from literally all our products," says Keebler spokesperson Stu Greenblatt. By the end of 1989, he says, they will be completely eradicated. The additional cost of new packaging and ingredients will "not necessarily" be passed on to the consumer, he adds. "Everybody is under margin pressure in our industry; it's the effect of last summer's drought."

"I think foods that are better for you have a role in the snack purchase decision," says Eagle's Bowler, "but not to the exclusion of good taste and texture." Snacking, he says, "is an indulgent activity. People tend to be less health-conscious, as opposed to their regular meals. I don't think there will be any major changes in snacks; it's an evolutionary occurrence, as opposed to revolutionary."

Continued on page 218

SOFT DRINKS

Some supermarket operators fear peace may break out in the Cola Wars. But superpowers Coke and Pepsi say they will continue launching their offensives ... in the process, expanding the soft drink market still further.

Peace in the Cola Wars? It depends upon whom you ask. The perpetual battle between Coke and Pepsi has honed the two soft drink powerhouses into perpetual—and, for the foreseeable future, unassailable—market leaders.

But that doesn't mean the field is closed to other soft drink makers. Indeed, some people credit Coke and Pepsi's struggle with enlarging the market for soft drinks generally. Today, soft drinks are the number one liquid refreshment among consumers, surpassing even water.

With a thirst whetted by the Big Two, consumers have accepted a dizzying array of soft drinks, as evidenced by the variety and abundance of products available on supermarket shelves. A few years ago, the main soft drink growth stories were brand proliferation, such as Coke- and Pepsi-branded diet and caffeine-free products, and line extensions, like Pepsi's Slice and Coke's Minute Maid offerings.

But today, a rapidly growing range of products targets a relatively new, health-conscious consumer. The Consumer Expenditures Study illustrates that diet products are leading sales growth of major brand lines such as Coke, Pepsi and Dr. Pepper/7Up. And juices, waters and products combining the two are flooding supermarkets and finding a new level of success on store shelves.

A pricing truce?

Recently, rumors and reports surfaced that Coke and Pepsi have established something of a marketing truce to allow product prices to stabilize or rise slightly. But even those who contend that some abatement of competition would be healthy for soft drink companies acknowledge that many markets still are suffering deep price slashing, signaling that some bottlers aren't giving up the fight.

According to Pepsi-Cola Co. (Somers, N.Y.), the Cola Wars will never end—and that benefits everyone. "The Cola Wars have been good for both Pepsi and Coke," says Jeff Brown, a Pepsi spokesman. "We have a saying around here, 'If there wasn't a Coca-Cola, we'd have to invent it.'

"Because of the competition, people are making more trips down the soft drink aisle and filling their shopping carts with more volume of soft drink. Because of the Cola Wars, soft drink prices (when discounting is figured in), haven't increased since 1972. It has created excitement but kept soft drinks affordable to virtually everyone."

Although The Coca-Cola Co. (Atlanta) is more circumspect with its remarks, the company acknowledges no significant changes in its marketing approach. "We don't really look at Coke versus anything else," says spokesman Wayne Estes. "We look at our own growth. We try to grow our own business and capitalize on that growth. Pricing is a marketing tool. As a marketing company, we will use advertising, promotion and pricing, accordingly in our mix."

And Royal Crown Cola Co. (Miami), the number three cola maker, asserts that the battle is

Continued on page 218

SOFT DRINKS

Market share for diet products has increased dramatically in recent years, so much so that Diet Coke and Diet Pepsi are the third and fourth most popular soft drinks in America, trailing only their sugary siblings.

still raging, but the front line moves. In other words, the competition has become more regional. "The skirmishes remain very severe in some locations," says Carey Keane, vice president of marketing.

Some supermarkets have experienced a cease-fire, as evidenced by price increases and abatement of allowances.

"It's already happened in our market," says Charles Gammon, head grocery buyer and merchandiser for Valu Food, Inc. (Baltimore). "Both Coke and Pepsi recently purchased their local bottlers. They raised prices, (including) everyday low store prices. Profits seem to be their concern."

Gammon says that is hurting deals. "In some cases, we can't get allowances every day, and when we get them, they're not as big as they used to be."

Supermarkets have been a major beneficiary of Cola Wars marketing, Pepsi contends, and says that the trend should continue. While pricing and allowance issues seem to be in flux, heavy consumer marketing probably will continue unaltered.

Pepsi's promotion-oriented marketing program builds soft drink sales for supermarkets, but that's not all. One of Pepsi's goals is to build excitement that translates into supermarket traffic.

According to Brown, perhaps the most significant initiative Pepsi has launched in recent years is "the integration of event marketing into stores.

"For example, the Indiana Jones promotion we did with the production company, which included a sneak preview (of *Indiana Jones and the Last Crusade*).

"We tied into a point-of-purchase campaign, making the movie part of the supermarket experience. As with our tour promotions (including Michael Jackson), the most important element is to get the excitement of the event into the store to bring traffic to supermarkets and volume to Pepsi."

Better taste helps clients

But even if many soft drinkers simply make their product choice strictly on a Coke/Pepsi basis, a new "healthier" consumer is looking for more substance (or maybe *less*) than style.

Market share for diet products has increased dramatically in recent years, so much so that Diet Coke and Diet Pepsi are the third and fourth most popular soft drinks in America, trailing only their sugary siblings. Of course, when it comes to soda pop, drinking of diet products doesn't necessarily get anyone labeled as a nutrition-conscious consumer. The diet soft drink customer is frequently not an organic food purchaser or tofu devotee.

"Health consciousness is one of the many factors in growth," says Brown. "But also and perhaps most important, the taste of diet soft drinks has gotten better since the '60s."

Perrier, whose naturally carbonated sparkling water probably is the forerunner of both all subsequent upscale water and "no artifical ingredients" products, has proved adept at adjusting to the trends among more health—and fashion—conscious soft drink consumers.

The company introduced flavored sparkling waters several years ago, and they continue to keep pace with Perrier consumers. They also got involved in the spring water business. Today their Poland Spring and Calistoga subsidiaries are offering juice-added products to adapt to the latest convolutions in a trendy business.

"Consumers have continued more toward calorie-free drinks in more convenient packaging," says Jane Lezgin, a company spokeswoman. "We are testing Perrier in a can, which will go into national distribution in 1990. We've also seen growth of spring water in PET containers. They've gotten broader acceptance as a refreshment beverage."

Lezgin credits the demand

Continued on page 220

SNACK FOODS

'If the industry is going to return to the dynamic growth it once had, it's going to have to get away from the checkbook marketing approach.'

Continued from page 216

Rickard notes that "the bottom line is that a snack has still got to taste good if people are going to buy it. To the extent that companies can change the product without changing the taste, they're doing very well. But the minute you change to reduced oil or salt and change the taste significantly, you lose customers. Manufacturers are very aware of that"

Eating for enjoyment

Rickard calls the trend toward healthier eating "not something that's going to go away," but adds that "our position has always been that salted snacks are certainly part of a normal, balanced diet when eaten in proportion to other foods. I don't think someone has to look for 'light' or 'less oil' unless they have a specific health problem. By and large, people buy snacks because they enjoy eating them and they taste good. I think that's going to continue."

"I think the majority of snack consumers are eating them for the enjoyment," says Schaeffer, "but they've got to have taste and fun; it's got to be a double-barreled proposition." Frito-Lay Inc. recently began test marketing several products (including Doritos brand Nacho Cheese Flavored Tortilla Chips, Lay's and Ruffle Potato Chips, Chee-Tos brand Cheese Balls and Dip Style Fritos) in canisters in Florida. The products are aimed at light and occasional chip consumers. Earlier this year, the company introduced Wild n' Mild Ranch flavored corn chips nationally, as well as Cheddar Cheese flavored potato chips. Frito also introduced large-size packages of Lay's and Ruffle Potato Chips late last year in western, southwestern and southeastern markets.

Eagle Snacks has rolled out a new line of nuts and cashews, with flavors that include cinnamon roast, maple roast, mixed and deluxe mixed. This summer, the company began test marketing a hot-and-spicy barbecue chip product called Louisiana BBQ. Future plans include an Eagle Bavarian Hard Pretzel product shaped like the Anheuser-Busch logo; it will be merchandised in supermarkets in combination with the parent company's beer.

Deli Express has combined the health and convenience trends by rolling out LitePop, billed as the industry's first microwavable popcorn. The product contains just 250 calories per 2.35-ounce package, and is low in salt and cholesterol. It is available in natural and artificial butter flavors.

Robert's American Gourmet (Roslyn, N.Y.) has introduced two new lines: Oat Bran Potato and Tortilla Chips. The kettle-cooked products contain no cholesterol or preservatives. They are available in no-salt and lightly salted varieties.

Last year, Keebler simultaneously introduced O'Boisies Potato Snacks Chips, in original and sour cream & onion flavors, and Suncheros tortilla chips (the company's first foray into tortilla chips), available in original, nacho and salsa flavors.

—HOWARD RIELL

SOFT DRINKS

Many markets still are suffering deep price slashing, signaling that some bottlers aren't giving up the fight.

Continued from page 218

for all-natural product for the introduction of juice-added waters. "Consumers are interested in beverages that are all-natural, unprocessed and safe. And, yes, aging baby boomers who are watching their weight and having babies are part of the growth, too."

With taste, trend and sometimes vague nutritional concerns, many consumers are trying a variety of soft drinks with natural or gourmet associations.

Major soft drink producers are taking the trend seriously. In March, Joesph E. Seagram & Sons—a broad-based maker of refreshment products, soft and hard—acquired Soho Natural Sodas, a soft drink first formulated in the Brooklyn apartment of entrepreneur Sophia Collier in 1977. By the time of the purchase, the companies' naturally flavored soft drinks were ringing up $25 million in sales with limited national penetration.

"Soho Natural Sodas have developed a loyal and growing following in every market (in which) they are sold," said C. Richard Coffey, president of The Seagram Beverage Company at the time of the acquisition. The Seagram Beverage subsidiary of Seagram & Sons now has responsibility for Soho. He added, "They have achieved an enormous success because Soho Sodas are classic products sold in a classic style."

No artificial anything

The Soho line includes not only soda pop, but a line of sparkling water, introduced in 1978, and juice-added sodas, debuted in 1982. Not only are Soho Sodas flavored naturally, they also are made without artificial color—almost all products are clear in appearance—sodium, caffeine or cane sugar. They are formulated with triple-filtered well water and contain vitamin C.

Edgar Bronfman, Jr., executive vice president of Seagram's U.S. operations said at the time of the introduction, "In buying Soho Natural Sodas, Seagram is broadening and deepening its contact with consumers who demand superior quality and a wide range of choice. Many of Soho's adult consumers are no doubt Seagram customers, particularly of our premium brands."

Adults, perhaps for the first time, have become an important target market for all segments of the soft drink industry. Indeed, another characteristic of the more health-conscious soft drink consumer is maturity.

As a result, soft drink companies are beginning to shift marketing focus toward adults, Canada Dry and Royal Crown Co. notable among them in 1989.

RC has introduced a diet RC product and a Diet Rite Flavors line of sodas that it hopes will create a niche between lesser-known, upscale "designer" soft drinks and the diet offerings of the top brands. "We have adult diet products. We're building on adult customers because Diet Rite colas and the Flavors line have no calories, no sodium and no caffiene," says Keane.

The company decided to switch from a teen- to an adult-oriented marketing program because its strength is in the supermarket.

"We looked at the results of our research and it made more sense to prioritize the women who are going into the grocery store rather than the teens who are not in the store and don't see our products that much," says Keane.

And, he adds, like the population in general, supermarket customers are getting older. "We

Continued on page 222

PET NEEDS

Consumers are being more selective in what they give their pets because they consider them a part of the family.

Continued from page 206

Among ConAgra's products is a line of dog toys marketed with the character Snoopy. "These toys are an upgraded line of vinyl and latex at premium prices," he adds. "And they are selling quite well."

One category that ConAgra and Sergeant's is investigating is shampoo. "That's a very significant market," says Stewart. The company is looking at shampoo products with a built-in conditioner. It is also investigating some delivery systems that would make it easier for consumers to use the product, instead of the current system of pouring the product out of a bottle. Stewart expects to have these products out on the market in the early 1990s.

Superior Brands was the first company to create beef basted rawhides.

In addition, the company also introduced four meat treats that are very distinctive and very high end: Jerky Bits, Peppy Dawgs, Jerky Strips and Sizzle Sticks. "They are priced so that the nonfood buyer can make nonfood-type margins," says Superior's Terry.

"With the significant increase in the number of self-service pet stores, supermarkets are going to have to react by paying more attention to the pet accessories category in their stores and learning how to merchandise better," says ConAgra's Stewart.

"They must offer better values and broaden their assortments. Retailers need to advertise the category to give it prominence in their instore activity. If they don't do these things, they will begin to see their share erode. These self-service pet stores represent a potential threat to their business."

"Supermarkets who've experimented with merchandising bulk-type items, such as travel boxes, have done quite well. These things sell extremely well compared with the average pet guy who sells rawhides and flea collars. The amount of volume they do is absolutely incredible," remarks Stewart.

Stewart says that there really haven't been any new products worth noting in the last year that have demonstrated a significant consumer attraction or big dollar volume.

However, he does say that the sales of flea and tick products are higher this year because of the hot weather and moisture.

Lyme disease is becoming of great concern to the public, and there has been much discussion and publicity about it. "Lyme disease is caused by the deer tick, and there are going to be products coming out on the market to deal with it," says Stewart. "We are going to see a lot of manufacturer activity against this issue in 1990."

Throughout the entire pet needs category semi-moist food continues to decline in popularity. According to CES, sales were down 2.3 percent for 1988.

Stewart reports that flea and tick repellant products are declining in popularity. "I can't tell you why that is so, but it could be rooted in the consumer's idea that he simply wants to be rid of the flea or tick and not repel it and send it elsewhere," says Stewart.

At any rate, whether it's toys or dessert, nothing seems to be too good for our four- and two-legged (birds) members of the family.

—LAUREN LEKOSKI

SOFT DRINKS

One reason second-tier companies may be looking for new demographic groups is that brand and line extensions of a few years ago have helped enlarge the supermarket shelf territories of Coke and Pepsi.

Continued from page 220

have the greying of consumers so it makes sense for us. We saw the future coming from the older population."

With its Pepsi Generation marketing, the company admits a strong youth orientation. But that certainly doesn't mean it will concede the adult market. "Many Pepsi products skew toward younger people—Mountain Dew, for example. But we see people maturing with the diet extensions of their favorite soft drinks, such as with Diet Pepsi or Diet Mountain Dew.

Coca-Cola also counts on its diet products to hang onto its brand-loyal customers. "Coca-Cola is well positioned in the explosive diet category," says Estes.

One reason second tier companies—i.e., everyone except Coke and Pepsi—may be looking for new demographic groups is that the brand and line extensions of a few years ago have helped enlarge the supermarket shelf territories of the big two. Coke and Pepsi also bring brand identity and marketing muscle to categories where few can withstand them, even when the excitement of initial introductions dies down.

But, according to Dr Pepper—the number three company in the soft drink market—strong brands will continue to find support from their bottlers, even if they are primarily Coke and Pepsi packagers.

"The line extension situation hasn't had a big effect on Dr Pepper," says Jim Ball, vice president of corporate communications for Dr Pepper. "In fact, the whole issue has probably increased brand awareness for us because now (bottlers) can't afford to ignore the other categories. It doesn't make sense to ignore non-cola segments."

Aims for second-best spot

You have to be realistic to flourish in a market dominated by Coca-Cola and Pepsi products. Dr Pepper developed what it calls a secondary aisle marketing concept for the company's namesake and 7Up products.

"We'll settle for secondary end-aisles," says Ball. The point is to do top-flight promotions that attract as much consumer traffic to the Dr Pepper display space as ordinarily passes to better-positioned promotions. "We have very successful secondary Dr Pepper programs that have become primary programs. The same has happened with 7Up since we began working with it."

Yet, in the face of the marketing and space dominance of Coca-Cola and Pepsi, smaller soft drink makers may continue to find it hard to survive in supermarkets.

"Royal Crown is the one taking a beating in our stores," says Valu Food's Gammon.

In the case of Royal Crown, the company believes that its line extensions and adult orientation will secure its place in supermarkets.

So, you can see, in the soft drink business, hope springs eternal. Or was that Perrier . . . ?

—MIKE DUFF

HEALTH & BEAUTY AIDS

The toothpaste business, with its near-maximum penetration of the consumer market, has shown very little change in pound consumption in recent years.

Continued from page 195

fitness is skin that is cleansed and moisturized and protected from the elements.

The largest product category is creams and lotions. During 1988, their dollar growth in food stores amounted to 14 percent. Among the new product introductions were a hand and nail care product from Chesebrough-Pond's in the Vaseline Intensive Care line, an entry from the Andrew Jergens Company called Eversoft and a Beecham brand under the Calgon brand name, which most consumers associate with the bath additive market.

Chesebrough-Pond's introduced Vic Hand and Nail Formula lotion. According to James B. Mozingo, director of business development, "The hand and nail formula lotion has expanded the category by creating a new segment—the first lotion that helps strengthen nails as it softens hands."

The next largest categories are facial preparations and skin aids. While products in both areas are designed to cleanse or moisturize or otherwise beautify the skin, the latter group is directed more to wear the remedial area of blemish control. Both of these categories increased during the year and, as with creams and lotions, the growth came primarily from the existing brands. The only new brand introduced during the year was Buf-Puf Cleanser from the 3M Company

"Skin care is one of the hottest-selling categories. Consumers are more aware of the threat of skin cancer through additional media coverage, and I think this is driving sales of therapeutic skin care items," says John Hamp, HBA buyer for Spartan Stores, Inc. (Grand Rapids, Mich.).

Suntan preparations were an active category in 1988, growing by almost 16 percent as the need for effective protection against the damaging effects of the sun was increasingly accepted by those who consider themselves outdoors people.

The future of this business looks quite promising, according to the findings of a nationwide survey which *Self* and the American Academy of Dermatology conducted. Among the positive findings were the increasing use of sunscreen products, particularly those with higher SPF ratings; the application of such products not just at the beach but during everyday exposure to the sun; and the special attention given to teaching children how to protect themselves from excessive exposure to the sun.

A recent development is Johnson & Johnson's acquisition of the leading sun care line of products in Europe, Piz Buin, which is now being marketed in the U.S. This major addition, coupled with its leading Sundown sunscreen line of products, positions J&J as the leader in this growth category, according to Jerry Gilbert, the company's vice president of customer relations.

Lip care products round out this classification. They had respectable growth in 1988, approximately 7 percent in dollar volume. The incorporation of sunscreens into these formulations in recent years has broadened their appeal.

Deodorants/Antiperspirants

This classification consists of four categories that deliver the same benefits, but differ in product form. They are sprays, roll-ons, sticks and creams. During 1988, there was no particular consistency in their performance. Roll-ons declined in dollars and pounds. The other forms showed a combination of ups and downs, and the overall result of the four categories combined was a standstill.

There was considerable action in the market in terms of line extensions, modified packaging and new sizes. But activity in terms of new product

Continued on page 230

TOBACCO

Despite steady declines in consumption, the cigarette industry has become adept at producing higher dollar volume and profits, largely because of improved production and now semi-annual price increases. That profitability has extended throughout the product pipeline from manufacturer to retailer including supermarkets, which remain the number one outlet.

What's more, the Surgeon General and antismoking groups have publicly acknowledged defeat in their drive to create a "smoke-free society" by the year 2000. With little more than a decade to go, there are still an estimated 50 million smokers left. According to government figures, there will be at least 40 million smokers by the end of the millennium.

The industry currently produces 554 billion units (measured by individual cigarettes) annually, according to John Maxwell, tobacco analyst at Wheat First Securities. Conservatively, that yields approximately 28 billion packs producing at least $36 billion in sales at retail.

The cigarette industry has become adept at producing more profits, despite declines in consumption, largely because of improved production and now semi-annual price increases.

For the cigarette companies, it's a continuing battle for market share—seeking the so-called larger slice of a smaller pie. And, the stakes are high; a single share point is worth more than $360 million at retail, exclusive of any impact by price increases. Clearly, Philip Morris is winning.

Led by its Marlboro brand, which alone accounts for well more than one out of four cigarettes sold, Philip Morris's market share jumped 1.3 percent to 39.6 percent in the 12 months ending March 31, according to Maxwell. Lorillard showed the only other gain in the same period, increasing its share four-tenths of one percent to 8.4 percent of the market, largely on the strength of its Newport brand.

At the same time, the price-value segment continued to grow, registering a 1.9 percent gain, from 10.1 percent to 12 percent of the market. R.J. Reynolds Tobacco USA's Doral continued to lead the entire category, clearly dominating the branded generic segment. Also contributing to the rise was the newer cents-off segment, which doubled its representation, going from 0.3 percent to 0.6 percent.

Dollar volume and, most likely, profits will continue to increase in the latest round of price hikes currently underway. Led by Philip Morris, R.J. Reynolds Tobacco and Lorillard, the industry is expecting the current round of increases to level out at around $2.50 per thousand, at wholesale. That averages out to about 5 cents per pack.

In perhaps one of the most dramatic moves the industry has seen this year, Philip Morris has confirmed it is testing an almost no-nicotine cigarette. Already in test markets in Hartford, Conn., Omaha, Neb., and Toledo, Ohio, the cigarette is making its debut under the name of Next, according to Steve Weiss, a company spokesman. Merit is currently the "lightest" cigarette brand marketed by Philip Morris.

"It's a traditional cigarette made from tobacco," explained Weiss. "But there's almost no nicotine in it because of a unique patented process that extracts nicotine, while leaving a rich full tobacco taste."

The test is Philip Morris's

Continued on page 226

TOBACCO

It's a continuing battle for market share, seeking the so-called larger slice of a smaller pie.

first foray into new technologies intended to reduce or eliminate some of the substances at the center of the health controversy. The company had been rumored for years to be working on such a cigarette, but until now has not confirmed those efforts.

Meanwhile, Philip Morris is being careful in its claims about Next, perhaps to avoid some of the controversy encountered by R.J. Reynolds Tobacco USA in its unsuccessful test of Premier, a nearly smoke-free cigarette that was pulled from the market last year.

At the same time, Marlboro, the firm's top-selling brand, is continuing to enhance its market position. The successful introduction of Marlboro Light Menthols last year continued to drive sales, adding to its share of market.

Philip Morris has also taken a more direct and visible role in battling higher taxes and restrictions on smoking. In its *Philip Morris Magazine*, with a circulation of a million, and in direct mail to consumers, the company has provided voluminous information of pending legislation, along with suggestions on how consumers might fight the proposals. Once again, however, it's being careful to position those efforts as being a response to its customers. "Smokers have been rallying against these (regulations) and coming to us, as the largest cigarette manufacturer, to provide help," Weiss said. "Through our magazine, our smokers' newsletter and the Great American Smokers Manual, we've provided information on current smoking issues that's important to them. It's information they can do something with to preserve their right to smoke."

While R.J. Reynolds Tobacco USA pulled the plug on its test of Premier, the company is getting ready to test new products that benefit from some of the technological advances associated with Premier. According to spokesman Rick Rountree, additional information is not yet being released on those products.

Winston, Salem and Camel continue to be the company's three major brands, with Doral dominating the price-value segment, accounting for about a third of the category's sales, Rountree said.

Additionally, the company is coming off a successful national rollout of Magna, another price-value brand, which presents an art decor appeal to "image-conscious smokers."

Another technological breakthrough can be found in the current test of Chelsea, the industry's first scented cigarette, designed to offer a "fresh-smelling aroma from the lit end utilizing new paper technology," Rountree said.

Beyond that, RJR is in a wait-and-see mode following its leveraged buyout and being taken private by KKR recently.

"We think the long-term strategy will change with the new leadership," Rountree offered. "A former executive here, Jim Johnston, has been named chairman and CEO of R.J. Reynolds Tobacco and all the plans for the company haven't yet been articulated."

RJR Nabisco, the parent company, is being headed up by Louis V. Gerstner, Jr., formerly president of American Express, as chairman and CEO.

Lorillard has scored a major victory in its market share battle through the extension and

Continued on page 228

SMOKELESS TOBACCO

Some segments of smokeless tobacco are continuing to grow, despite efforts to severely curtail advertising and impose additional regulations and taxation.

If cigarette companies are trying to find more in less, the smokeless tobacco industry may be in the enviable position of finding more from more. At least some segments are continuing to grow.

Moist snuff grew by approximately 8.5 percent in tonnage during 1988 and even more in units, according to Jim Cranford, director of marketing for Pinkerton Tobacco Co. Most of that has been on the strength of activity from United States Tobacco Co., under the Skoal brand name, and Conwood, with its Kodiak brand. Pinkerton also experienced substantial growth with its Renegade brand.

Supermarkets and convenience stores, particularly in the Southeast, Southwest and central states, remained the primary outlets for all smokeless products, contributing heavily to the $1.3 billion industry.

What's more, that growth occurred in the face of continuing efforts at additional regulation and taxation. According to the Smokeless Tobacco Council, those efforts have included a push in the state of Washington to raise smokeless tobacco taxes from 65 percent to 75 percent, as well as a ban on all smokeless product sampling in Nebraska.

Moreover, several pending federal bills seek to severely curtail smokeless tobacco advertising along with one that would mandate warning labels on utilitarian items, such as T-shirts and baseball caps, according to Michael Kerrigan, president of the Smokeless Tobacco Council.

Efforts at bans continue

Those efforts at bans have continued despite the industry's years of effort directed at promoting smokeless tobacco as an adult custom, thus steering it away from earlier criticisms that it was being marketed to young people. The STC has adopted a voluntary set of standards and lobbied for legislation that would set the minimum age for purchase at 18. At the same time, it has purchased advertising and public service announcements intended to drive that message home. But opponents haven't budged.

Said Cranford: "An increasing number of state legislatures are looking to smokeless tobacco as a source of revenue, even though it would address only a (minuscule) portion of their budget shortfalls. Not that much is gained and for the consumer it's a regressive tax."

Thirty-one states currently apply excise taxes to smokeless; four have recently increased their rates and four others have imposed additional forms of taxation on the products, he noted.

According to Cranford, excise taxes have been the biggest single factor in the year-over-year small volume declines in loose leaf consumption.

Product development leader

U.S. Tobacco continues to be a leader in product development, improvement and marketing for the category. Its efforts have been so successful that it claims Skoal is the second most recognized consumer product name, after Marlboro, according to Harry Peter III, vice president.

Currently, UST is launching Skoal Bandit Classics, with a new natural tobacco taste which, as might be expected,

Continued on page 228

TOBACCO

Brown & Williamson claims what it says is the first successful full-priced, freestanding brand launch the industry has seen in years.

Continued from page 226

rollout of Newport brand with Newport Stripes, making the brand available in both menthol and non-menthol configurations.

"It's been a good introduction because I think we've shown that the line has been accepted without cannibalizing the brand," said spokeswoman Sara Ridgway.

Perhaps the company's biggest splash this year has come with the test marketing of Spring Lemon Lights, set for rollout in Hartford, Conn., Phoenix and Milwaukee. The cigarette has a subtle flavor of lemon and is available in four configurations: menthol and non-menthol, as well as kings and 100s. They're marketed in pastel yellow, silver and red striped packages for the non-menthol variety, and in yellow, silver and green for menthol.

The company is supporting the test with print, outdoor and promotional advertising.

"Our goal is to find new niches — areas where we think smokers will respond to different tastes," Ridgway explained.

Lorillard is best known for its Kent, Newport and True brands.

For its part, Brown & Williamson is laying claim to what it says is the first successful full-priced, freestanding brand launch the industry has seen in years. Capri, its ultra-slim cigarette, achieved national distribution during the year and, so far, has won a 0.5 percent market share according to spokeswoman Robbie Ash. The brand has shown so much promise the company is currently test marketing line extensions in 120mm Lights in both menthol and non-menthol configurations.

The Capri rollout is part of B&W's larger market strategy aimed at tagging key niches in each of the major segments. Whether that approach will be successful, however, remains to be seen. After holding a steady 11.2 percent market share over 1987 and 1988, the company's share dipped to 10.7 percent this year, according to Maxwell.

Still, B&W is pushing ahead with its expansion in the price segment, particularly with activity in its Viceroy, Richland and Belair brands.

Richland unveiled a new consumer print advertising campaign stressing lifestyles. The ads, which suggest a moment frozen in time, feature a collage of photographs of people who might be involved in various activities at the particular day and time. For example, an ad slugged "Saturday, 10 AM" shows, among others, a woman drinking her morning coffee, someone still sleeping, a golfer and couple on the beach. "Wednesday, 7:20 AM" shows the morning rush hour traffic, along with various scenes of people commuting or otherwise beginning their day. The ads, which debuted in May, are all tagged with "Richland, USA. Taste the richness of America."

The company also launched Viceroy nationally as a value brand in January, following successful test marketing in the second half of last year. Additionally, Belair entered a test in Peoria, Ill., as a branded price value cigarette, while it also remains on the full-priced market featuring its merchandise coupons.

According to Ash, Viceroy has exceeded expectations and is up considerably over last year, while the test results for Belair are "very promising."

American Tobacco has been busy enhancing its position in the branded price value segment of the business, while continuing its push on its core brands such as Carlton, Pall Mall and Lucky Strike.

During the past year, the company has introduced American Filter Kings and 100s, intended to complement its American Lights, which hit the market-

Continued on page 230

SMOKELESS TOBACCO

Continued from page 226

constitutes the largest flavor category in the tobacco industry, accounting for 70 percent of all sales. The appeal here is summed up simply in the company's point-of-sale signage:

"Classic tobacco satisfaction for the times you can't smoke."

UST is trying to successfully walk a very fine line with the introduction and positioning of the product. Past efforts to attract cigarette smokers have met with broad criticism from other elements in the tobacco industry.

"The (target) market is clear in the advertising," offered Peter. "It's not something designed to dissuade people from smoking cigarettes but to use in addition to them at times when it's difficult or inappropriate to smoke." The natural tobacco flavoring represents the most significant change to Skoal in the past year, according to Peter, although there have been some subtle changes in flavorings and packaging intended to broaden its consumer base.

In the meantime, Copenhagen continues to be the company's largest selling brand, he said.

But UST believes that moist smokeless tobacco, while clearly its strong suit, represents only a portion of its opportunities. The firm has targeted the Southeast, in particular, for a marketing drive that will make its presence felt in other forms, "particularly chewing tobacco."

'A business that grows slowly'

"The reality is that this is a business that grows slowly over time and changes slowly, historically," Peter said. "From the beginning of the tobacco industry a few hundred years ago, one of the things that has stood out is that patterns of usage, no matter what the current fashion or regulation, change very slowly."

On the loose leaf tobacco side, Pinkerton lays claim to the largest market share with 39 percent in 1988, up a point from the prior year, according to Cranford. Pinkerton is seeing substantial increases in the milder, moister segment of the category with its Redman Golden Blend and Granger Select.

The company is also pursuing the moist plug segment. Originally popular in the early 1970s because of its convenience to use and low price point, the segment lost much of its luster for consumers as prices rose.

Pinkerton is currently seeking to rejuvenate the segment through the introduction of Redman Golden Blend Totems in about half of its geographic trading area. Priced at about 49 cents per unit in low tax states, the product is designed with a new stick configuration intended to make a stronger convenience appeal to the consumer, Conrad said.

"Overall, there is a very definite regional appeal to these products, but many retailers don't realize that smokeless tobacco outsizes many popular product categories and offers high turns," Conrad said. "Except in some pockets of the country, retailers know little about it and haven't recognized the possibilities yet."

—BRENT FELGNER

CANNED GOODS

Continued from page 167

"It was probably a little higher than the year before," he says.

In large part, that was due to one of the broadest lines in the business, one that allowed S&W to maintain a 12-month advertising and promotional campaign. Many of the company's competitors, particularly those that specialize in one food group—Del Monte with fruits, for example—lack year-round visibility and that appeared to pay off for S&W last year as co-op and other media campaigns for everything from baked beans to fruit kept the company visible from the summer through the colder months.

Renewed rollouts?

Although there appeared to be a relative dearth of innovative canned product last year and so far in 1989—one reason why many brands did little more than hold their own—the category may be headed for a renewed period of rollouts. Campbell's Franco-American brand, for example, is expected this month to begin shipping two additions to its contribution to Americana, Spaghetti O's. Due out on store shelves are Teddy O's—teddy bear-shaped pasta in the ubiquitous Franco-American tomato sauce, and Sporty O's, pasta contorted into footballs and other sports shapes.

"Spaghetti O's continues to show double digit growth," says Win Taylor, Campbell's general manager for the western U.S. "It's still looked upon as a fairly economical and convenient snack. Pasta with tomato sauce continues to be a favorite (with kids)."

Although there appeared to be a relative dearth of innovative canned products last year, the category may be headed for a renewed period of rollouts.

News of the two new products has elicited a mixed reaction at best, though, based on scattered comments from the trade. "They're just trying to gobble up shelf space," complains one buyer who requested anonymity. "It will just fragment sales."

Campbell is also testing a line of soups under its Prego brand in a pointed counterattack on Progresso, which last year ate into Campbell's share of the ready-to-eat canned soup business. "I understand it's going well," Taylor says of a Buffalo, N.Y., market test that follows up on a Denver test last year. Plans call for a gradual nationwide rollout, continuing with western Texas and several Midwest states later this year.

"Progresso has been a strong competitor," Taylor concedes, adding that Korean-style raman soups have also sold well at retail. In addition to the Prego soup line, Campbell is also testing a line of raman soups in Denver. "We think we have a product with a difference—air-dried noodles as opposed to deep fat fried," he says.

The competitive nature of the ready-to-eat soup business can be seen in the studied manner in which Campbell and other soup companies are approaching microwavable packaging. Campbell is testing a handful of chunky soups in plastic cups, but has yet to commit to a broad rollout. Although the alternative to traditional steel cans would undoubtedly broaden the products' appeal, soup companies are weighing that advantage against the increased cost of manufacturing an additional line in plastic containers—in addition to the cost of gaining the necessary shelf space. And as Taylor notes, "I don't think the soup department has grown as a percentage of store expansion."

—MARTY LEVINE

HEALTH & BEAUTY AIDS

Continued from page 222

introductions was minimal. There was a new spray entry from Bristol-Myers' Ban brand and a new American Cyanamid roll-on under the Old Spice name. Both brands were at minor share levels at the end of the year.

"Deodorants are showing steady growth," says Donaldson of Associated, "with solids being number one, followed by roll-ons. A number of the new spray deodorant introductions have not been successful for us, however," he says.

Shaving products

Razor blades are the major factor in this HBA classification. They account for nearly two-thirds of the total shaving products volume in food stores. Disposable brands have established their position in this market and currently do about one-third of the volume. Gillette remains the powerhouse in the razor blade category. It markets the three leading brands, which have combined dollar share of 52 percent. There were no national introductions of new products during 1988.

The razor blade market accounted for $692 million in sales in 1988 and is projected to be at $760 million in 1989, a 9 percent increase, according to W. Scott Roberts, vice president of business relations for Gillette.

Roberts projects a 25 percent increase for Gillette and credits the increased emphasis on cartridge blades. "Advertising expenditures for this category for 1989 will be double what they were in 1987," he says. "Additional emphasis on the female market has contributed to the increase in the blade category, as well," says Roberts.

The other significant volume producer in this classification is shave cream. This category had a disappointing year, declining in both dollars and units.

"Shave cream will remain stable in both dollar volume and units in 1989," says Roberts. "The more expensive sensitive skin items are showing a healthy increase, but this is being offset by promotional activity on the price items to keep the total market value down."

The after-shave business continued to soften. One of the reasons offered for this decline is the increasing popularity of colognes in preference to after-shave lotions. The pre-shave lotion market although very small, showed some growth during 1988. In neither of these areas was there any new product activity.

—WRIGHT FERGUSON

TOBACCO

Continued from page 228

place a little more than a year ago, according to Mike McCampbell, director of trade development. American also premiered Malibu Ultra 100s which, like other styles of Malibu, carries a $3-off, factory-affixed instant coupon.

"We intend to capitalize on changing market trends, such as the emerging price value category," McCampbell noted. "Our plans also include enhanced programs geared toward increasing product distribution and displays."

The company will also be more aggressive in its product promotional allowances and on-package couponing, especially suited to the carton sales environment found in supermarkets, he said. At the same time, American will remain active in individual package promotions.

Philip Morris has taken a more direct and visible role in battling higher taxes and restrictions on smoking.

For the Liggett Group, it's been a continuing struggle to halt its erosion of market share, mostly the result of declines in the so-called black and white generics, where it continues to have a heavy presence. Its approach most recently has been to emphasize its private labels, branded price-value cigarettes and Eve.

"We've increased the presence of our Eve 120s brand with the mid-year introduction of Eve 120s Ultra Lights," reported K.V. Dey Jr., company president in his year-end report. "In addition, we have introduced several new branded price-value products, including Chesterfield Filter Lights, Savvy and Pyramid, aimed at maintaining our position as a major producer in the price-value segment."

Meanwhile, Liggett is continuing its efforts begun nearly two years ago, when it began producing some private labels on a nearly national basis for wholesalers. Among its other brands are L&M, Chesterfield and Lark.

—BRENT FELGNER

SAMI UPDATE

HEALTH & BEAUTY AIDS: SAMI FOUR-WEEK FOOD STORE UNIT TRENDS VS. YEAR AGO

PRODUCT GROUP AND CATEGORY	% CHANGE VS. YEAR AGO 4 WEEKS ENDING 4/21/89	4 WEEKS ENDING 5/19/89	4 WEEKS ENDING 6/16/89
BABY NEEDS	**− 2.6%**	**− 6.5%**	**− 4.5%**
Baby Powders	+ 16.5	+ 0.9	+ 3.2
Baby Oils, Creams & Lotions	− 11.5	− 14.3	− 10.0
Infant Clothes	− 10.1	− 10.0	− 11.6
Nursing Supplies	+ 2.2	+ 1.6	− 0.6
DEODORANTS	**+ 2.0%**	**+ 1.8%**	**− 0.7%**
Sprays	+ 4.9	+ 5.5	− 0.9
Roll-Ons	− 7.8	− 3.9	− 10.5
Stick Deodorants & Pads	+ 6.2	+ 4.0	+ 7.6
Creams	− 9.6	− 10.3	− 8.7
Deodorants & Talcum Powders	− 18.8	− 0.5	+ 2.3
Feminine Hygiene Deodorants	+ 15.6	− 2.5	− 8.3
Foot Deodorants & Athlete's Foot Remedies	+ 0.1	+ 8.8	+ 10.4
Feminine Douches	+ 7.1	− 0.1	− 0.4
FIRST AID	**+ 0.8%**	**− 0.7%**	**+ 1.8%**
Antiseptics	− 2.1	+ 1.2	+ 1.2
First Aid Products	+ 1.8	− 0.5	+ 2.0
HAIR CARE NEEDS	**+ 0.7%**	**− 0.8%**	**+ 0.7%**
Shampoos	− 0.5	+ 1.1	+ 0.4
Hair Sprays	+ 2.1	− 1.7	− 0.2
Hair Conditioning Rinses	+ 4.2	+ 2.7	+ 5.1
Hair Setting Needs	+ 5.1	+ 3.0	+ 7.2
Home Permanent Kits	− 3.2	− 4.8	+ 1.3
Hair Coloring	− 7.4	− 5.8	− 7.4
Hair Dressing Needs	− 8.7	− 8.9	− 13.1
ORAL HYGIENE	**− 2.7%**	**− 4.0%**	**− 5.6%**
Toothpastes & Powders	− 6.6	− 6.1	− 9.4
Mouthwashes	+ 4.9	− 1.7	+ 2.2
Breath Fresheners	+ 6.6	− 0.8	− 1.3
Denture Cleaners	− 1.4	+ 0.6	− 12.1
Denture Adhesives	− 2.9	+ 2.1	− 1.8
Toothbrushes	+ 0.9	− 0.1	− 2.7
Dental Aids	+ 6.2	− 5.2	+ 8.7
PROPRIETARY REMEDIES	**− 4.0%**	**− 5.1%**	**− 3.6%**
Antacids	− 6.9	− 10.3	− 5.9
Internal Analgesics	− 3.7	− 4.6	− 2.8
External Analgesics	− 9.5	− 4.0	+ 1.8
Cold Remedies	+ 0.3	+ 1.0	− 2.3
Nasal Sprays—Drops—Inhalers	− 12.9	− 10.1	− 11.3
Chest Rubs	− 7.6	− 12.4	− 10.2
Cough Remedies	− 7.0	− 9.5	− 6.7
Laxatives	− 3.1	− 5.1	− 2.5
Sleeping Aids	− 4.0	− 4.6	+ 0.3
Tranquilizers	− 3.5	− 7.4	+ 6.5
Synthetic Vitamins	− 2.3	− 9.5	− 6.8
Eye Care Products	+ 6.5	+ 6.5	+ 5.7
Appetite Suppressants	− 17.4	− 10.3	− 11.9
SHAVING NEEDS	[illegible]	[illegible]	**+ 1.9%**
Shaving Creams	+ 5.8	+ 1.2	− 0.5
Pre-Shave Lotions	+ 5.9	+ 6.0	+ 19.0
After-Shave Lotions	− 15.7	− 14.5	+ 1.3
Razor Blades	+ 0.6	− 8.0	+ 2.7
Razors & Blades	+ 3.3	− 11.1	− 2.1
SKIN CARE AIDS	[illegible]	[illegible]	**− 4.9%**
Hand & Body Creams & Lotions	+ 9.4	− 1.1	− 5.4
Facial Preparations	+ 1.1	+ 4.2	+ 6.7
Lip Care Products	− 15.6	− 14.7	− 12.8
Suntan Lotions & Oils	− 3.9	− 2.9	− 11.3
Cosmetic & Medicated Skin Aids	+ 4.7	− 6.7	− 3.9
TOTAL ALL CATEGORIES	**− 1.6%**	**− 3.3%**	**− 2.1%**

Sales Lethargy Among HBA Categories Continues Through Mid-June Period

Forward progress is limited to a few product categories, classes and individual brands.

BY ALAN MILLER JR.

Sales of health and beauty aids in food stores continue to stagnate. During the 28 days ending June 16, 1989, in the 52 health and beauty aids product categories tracked by SAMI for which there are at least two years of data, retail dollar volume in food stores rose $14.1 million. However, this favorable trend was the result of changes in the product mix or price advances, since unit sales during the same period fell 5.5 million behind the level in the corresponding year-ago period. The dollar gain represented an increase of 2.2%, whereas the loss in units amounted to 2.1%—a loss rate found only among dry grocery nonfood items, where a four-week loss rate of 1.8% was registered. In all 475 product categories monitored by SAMI, the unit gain amounted to a mere 0.1%.

The department with the highest tonnage percentage growth during the four-week span was refrigerated foods, where a 4.3% poundage gain occurred. The weakness of health and beauty aids in food stores was also evident in drugstores nationally. The unit loss rate on all HBA categories combined was 2.3%, nearly the same as the 2.1% decline in food stores nationally.

Modest gains for some

In the preceding four-week period, there was only one product group with a plus sign—personal deodorants. In the current period under scrutiny, the product group losses and gains were evenly divided at four each. Joining personal deodorants on the plus side of the ledger were first aid (+1.8), hair care needs (+0.7%) and shaving needs (+1.9%). The highest loss rates were the 5.6%, 4.9% and 4.5% recorded respectively by oral hygiene, skin care needs and baby needs. There was also an improvement in the gain/loss ratio at the category level of measurement in comparison with the reporting period.

Whereas the category loss rate exceeded the gains on a 39 to 13 basis in May, the current ratio is 31 to 21. There were also four-week unit gains in three other categories that SAMI has been measuring for less than two years: +10.0% for contraceptives, +20.0% for personal lubricants and +37.2% for home testing kits.

In the baby needs product group, where a loss rate of 4.5% was found, the decline was almost entirely the result of sales weakness for baby oils, creams and lotions. Within this category the 24.0% decline for lotions outweighed a gain of 7.0% for creams.

The category with a four-week unit gain was baby powders, where two brands had substantial gains: Johnson's (+11.5%) and Caldesene (+20.9%). It would appear that Vaseline Intensive Care is phasing out since the brand's distribution is now limited to 45 SAMI markets, as compared with 52 in 1988. Sales of infant clothes continue downward at a consistent loss rate of 10% to 11%. Volume of nursing supplies fell 0.6%, but the category is still ahead for the full year (+0.7%).

Stick deodorants gain

Three of the eight categories in the product group of deodorants had gains sufficient to provide a small increase of 0.7% for the product group, paced by a jump of 10.4% for foot deodorants and athlete's foot remedies. The two brands most responsible for the category growth were Micatin (+49.9%) and Dr. Scholl's (+10.3%).

Sales of stick deodorants advanced 7.6%. The brands that contributed to this favorable trending included Right Guard (+151%), Soft and Dry (+105.1%) and Ban (+59.3%). Private label offerings have also gained share in this category. The highest loss rates among deodorants were 10.5% for roll-ons, 8.7% for creams and 8.3%

for feminine hygiene deodorants (no longer benefiting from sales gains resulting from the national rollout of Massengill Towelettes.)

As a result of increases for the creams, lotions and ointment product class, sales of first aid antiseptics advanced 1.2%. Unit volume of first aid products were also ahead (2.0%) during the four-week interval.

Of the seven categories of hair care needs reported by SAMI, there were gains in four and losses in three. The best performance was achieved by hair setting needs (+7.2%), where increased sales of hair styling gels rather than mousse products made the difference on the side. The trending of hair conditioning rinses (+5.1%) can be credited to gains in special-purpose items.

Hair spray unit sales fell behind 0.2% in spite of dramatic growth for super hard to hold pump items. Declines were found among hair dressing needs (−13.1%) and hair coloring (−0.1%). In the high-volume shampoo category, a gain of 0.4% for the four weeks represented improvement over the 0.4% loss on a 12-week basis.

As the result of a four-week loss in units amounting to just under 2.8 million for toothpaste and powder, there was a sharp drop of 5.6% for the oral hygiene product group. There were gains among mouthwash items (+2.2%) and dental aids (8.7%), the latter the result of a strong sales gain for Johnson & Johnson dental floss. Losses were found both among denture cleaners (−12.1%) and denture adhesives (−1.8%). Toothbrushes and breath fresheners were in the losing column.

Two and a half million of the five and a half million total unit HBA decline was accounted for by the losses in the proprietary remedy group of categories. There were four-week unit loss rates in nine of the 14 categories, including double-digit dips among appetite suppressants (−11.9%), nasal sprays-drops-inhalers (−11.3%) and chest rubs (−10.2%). All of the categories relating to cold and cough relief were in arrears in comparison with the similar year-earlier period.

The sales decline among internal analgesics (−2.8%) would have been higher except for continuing growth among ibuprofen brands. In a similar vein, there would have been a loss greater than 2.3% for cold remedies were it not for increases among sinus-related and children's liquid entries. Among major categories of proprietary remedies the best showing was the 5.7% jump for eye care products and the 2.6% increase for natural vitamins, minerals and supplements, where the gain came from vitamins and supplements rather than minerals.

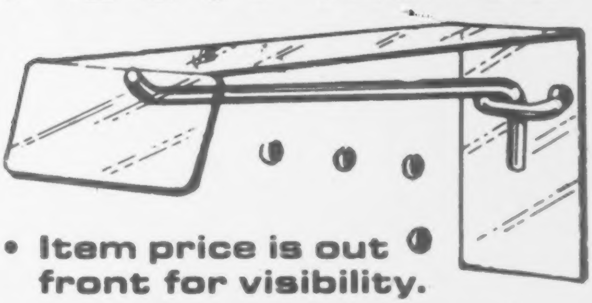
The 1.9% gain for shaving needs is a result of sales vitality among pre-shave lotions (+19.0%) razor blades (+2.7%) and after-shave lotions (+1.3%). Most of the gain in the pre-shave lotion category was the result of the national launching of Mennen's Afta lotion. Four brands can take credit for the increase among razor blades: Gillette Atra, Schick Disposable, Gillette Trac II and Gillette Good News Disposable.

Facial preps look up

There was only one category of skin care needs with a four-week gain in unit volume through food stores. The 6.7% improvement among facial preparations was largely the result of important gains for Sea Breeze, Buf-Puf Sponge, Pond's and Oil of Olay Cream.

Double-digit loss rates were found among lip care products (−12.8%) and suntan lotion/suntan oil (−11.3%). Because of the high degree of seasonality among the sun products, the latter loss is more serious than if it had been recorded during a winter period. Among cosmetic and medicated skin aids, losses are found on a four-week, 12-week or 52-week basis. ■

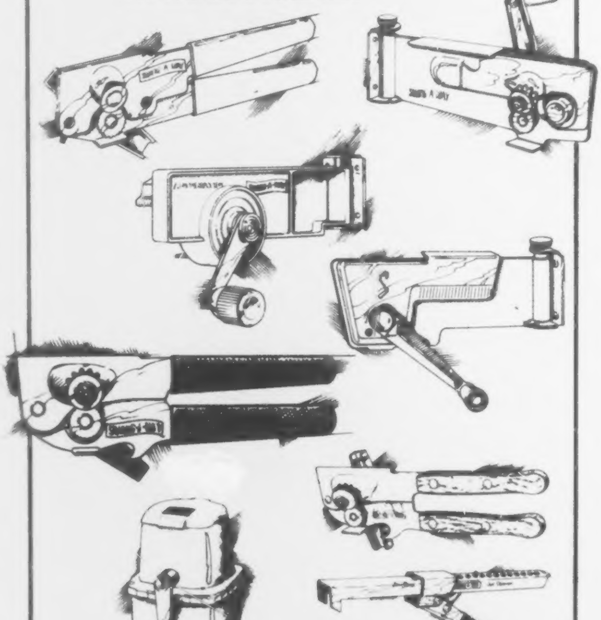
PEGTALKER®



- Item price is out front for visibility.
- Permits price removal.
- Saves space.
- Allows faster ordering, including label scans.
- Maintains correct item placement.

Now there is a method for placing your shelf label out front on pegged merchandise displays. The **PEGTALKER**® allows you to do just that with the peghook that you already own, and without wasting valuable display space.
PROTECTED BY U.S. PATENT 4463510.
FOR INFORMATION WRITE OR CALL
THE PEGTALKER CO.
P.O. BOX 3571 • WILMINGTON, DE • 19807 • (215) 388-6572

One of the best-known, best-selling brands in housewares.



go with the leader. SWING-A-WAY

SWING-A-WAY MANUFACTURING CO. • ST. LOUIS, MISSOURI 63116

Getting A Bigger Slice Of A New Pie

Supermarket retailers should place greater emphasis on the durable and nondurable goods areas, rather than continuing to chase the shrinking food dollar, which is getting increasingly difficult to capture.

By Francis E. Willmes, Willmes Marketing Services

With the chase of the food dollar becoming increasingly difficult, it pays for supermarket retailers to alter their strategy somewhat . . . and chase something else.

There are plenty of new opportunities to be reaped by placing more emphasis on durable and nondurable goods (such as toiletries, tobacco and drugs), and on new kinds of services. Other nondurable goods account for consumer expenditures of 18.3 percent of total disposable income.

To see what opportunities exist, it pays to first briefly review the market and consumer trends making them possible . . . indeed, inevitable.

In food retailing today, two trends continue. The first one is that large super stores assume a dominant position in their market area wherever they are established. These super stores give the consumer a choice of an expanded variety of product. In addition to the expanded selection of grocery items, there are also expanded perishables departments. The bakery, deli and produce departments provide the consumer with a selection of merchandise not previously available from one store.

The other trend is the geographical saturation of convenience stores. While the super stores have an adverse effect on the conventional supermarket, the effect on C-stores is not the same. The C-stores, as their name implies, become an alternate source for certain merchandise, and they continue to be a viable factor for specific types of merchandise. In the meantime, conventional supermarkets are modernizing, updating and fighting hard to find their niche and maintain their sales volume.

All of these factors should contribute to a healthy, growth-oriented industry. Yes, it is a healthy industry and a growth industry—for some, but not for all. There are the normal increases due to population growth and inflation. However, when analyzing the food industry's share of total disposable income, the picture is not bright in terms of food market growth.

BREAKDOWN—1988 DISPOSABLE PERSONAL INCOME

	Dollars (in Billions)
Disposable personal income	$3,472.90
Total personal consumption expenditures	$3,226.00
Nondurables	**$1,047.20**
Food	$409.70
At home	$254.80
Away from home	$154.90
Alcoholic beverages	$66.20
At home	$42.00
Away from home	$24.20
Cleaning and household supplies	$30.00
Toiletries	$27.70
Tobacco	$38.50
Drugs	$34.60
Clothing and shoes	$186.30
Gasoline and oil	$78.80
Fuel oil and coal	$17.30
Other	$157.50
Durables	**$449.90**
Motor vehicles and parts	$208.00
Furniture and household equipment	$159.00
Other	$82.90
Services	**$1,728.90**
Housing	$501.40
Household operation	$196.80
Transportation	$117.20
Personal care	$39.90
Medical care	$403.70
Personal business service	$231.40
Recreational services	$97.10
Other	$141.30
Savings	**$147.00**
Other	**$99.90**

Sources: Bureau of Economic Analysis, Department of Commerce
Food and alcoholic beverage data: USDA

Less spent on food at home

According to the most recent data available from the U.S. Department of Commerce, which is for 1988, the total disposable personal income was $3,473 billion. Of this, food at home accounted for about $255 billion, up about $10 billion from 1987. Food away from home accounted for $155 billion, also up $10 billion from the previous year. This indicates that food consumption at home is not holding its share of the disposable personal income pie.

But then, *why should it*? Disposable income is rising (good) and food *costs* are not keeping pace (also good). So why would food hold its same share? After all, there's only so much a person can eat!

So, the percentage of disposable income spent on food at home continues to decline, while the percentage for food away from home gains percentage share.

What this means is that all efforts of the food industry to grow its market are not achieving the desired result. It seems that gains by successful chains or retail store formats are offset by losses in competitive chains or other store formats.

Further, noteworthy gains in one department are almost always offset by declines in another . . . again, because there's only so much a person can eat.

Expanded produce and deli departments increase their sales volume, but many times they also cause a loss in the frozen food and meat departments. When markets are created for new kinds of drinks or cookies, the new sales usually replace sales from other categories of food products.

Another important point: The food category has a growth limit that's not related to the amount of disposable income. Affluent consumers will not necessarily increase their purchases because prices are lower or the variety is greater. They are competitive shoppers and constantly strive to save money on their food bills in order to have more discretionary income for other items. They save on food expenditures in order to spend more for clothing, recreation, entertainment and, yes, even for eating in fancy restaurants. This is today's lifestyle, and we can't change it.

Supermarkets do have a share of cleaning and household supplies, toiletries and drugs, but a greater share remains to be captured. Clothing alone accounted for more than $186 billion in annual sales in 1988, and supermarkets got only a minute share of that market. Gasoline and oil

Continued on page 236

TECHNOLOGY

Continued from page 15

times, or for a service man who needs access to extensive documentation to support diagnosis and repair activities. However, like all emerging technologies, it's worth knowing about and watching.

Data: Two issues in one

The last issue I plan to address this month has to do with data. This is really two issues in one. The first is where to process data, at the store or at the headquarters (mainframe) and secondly, how and where to store it. If you thought there was a high cost associated with processing scanning data, it'll seem like a breeze when compared with the volumes of data that represent the detailed purchases of every customer participating in your frequent shopper program. It's a sure bet that one guaranteed beneficiary of electronic marketing will be IBM, as more and larger mainframes are purchased to process the data.

The question of where you should process the data has no right or wrong answer. It is likely that the data will be processed initially at the store, and then passed on for storage and analysis at the mainframe. At the store, there will be information that must be communicated with the shopper on her next visit to the store, such as total purchases. Processing to develop this data will be done at the store. Some data will be discarded at store level. Examples of data in this category would be the titles of magazines or books purchased, and data that can be replicated later, such as the price and description of the products sold. Before transmission, the data will be compressed both logically and mathematically to minimize the cost of transmission to the headquarters.

At headquarters, the data will be stored in a database that will be accessible by headquarters analysts and store personnel. To achieve this, we'll have to wrestle with the issues of permitting store personnel to have on-line access to mainframe data, or alternatively to request data from the mainframe and then process it within the store using a database that works efficiently with those used on the mainframe. In either event, we're talking about a significant investment in on-line storage.

I suspect we'll find that the databases we use for normal applications may not support the high-performance requirements of the analyst. One way to address this problem is to load a database designed for decision support analysis with a subset of the total database, perhaps the latest few weeks of data and the data from a similar period last year. There are several databases that are specifically designed for this form of analysis. I'll report on them in a future column.

It took the industry 10 years to begin to use scanning data effectively. Realistically, it will take at least five years before we have integrated customer data effectively in our routine merchandising decisions.

Period of experimentation

It took the industry 10 years to begin to use scanning data effectively. Realistically, it will take at least five years before we have integrated customer data effectively in our routine merchandising decisions. This statement does not imply that no meaningful results will be realized for five years. The real message is that we'll be experimenting for at least that long in what to look for, and how to use it. During this period, I expect that the revenue generated from the sale of the data, and the sales and profit increases from customers attracted to our stores because of the programs, will more than offset the cost of operating the frequent shopper program.

One thing is for sure when the subject of frequent shopper programs comes up: There are lots of questions and nobody has all the answers. And, every month more retailers will be committing the resources to begin seeking those answers. Will you be ready when your company is? ■

BEER

Continued from page 160

popular, especially in impact markets such as California and New York.

And not all beer importers are having a bad year. Don Blaustein, vice president of marketing at the Guinness Import Co. (Stamford, Conn.), says that there are still supermarket opportunities for foreign brews because so many consumers are trading up in their purchasing. He also notes that many consumers are thinking health and drinking less. Foreign beers are an option that consumers will turn to naturally, he contends, as they focus more on flavor rather than—as Budweiser puts it—drinkability.

"Foreign beers always will have slower turns than domestics," he concedes, "but we're seeing more people drinking bottled waters. They're buying quality rather than quantity."

He adds that foreign beer has gotten a better reception in chains than in independents. "As imports become bigger, they'll see greater presence in chains. In California, that's already the trend. We'll see if it will come East from there."

Blaustein says that two of the company's products are creating new opportunities for Guinness Importing. Bass Ale, an English brew, has become the fastest-growing import in the U.S., he contends. And Guinness Gold, a lager beer that's cousin to the famous Irish black beer, Guinness Stout, has been introduced in this country. Blaustein anticipates the Guinness name should win trials for Gold and that advertising for the Gold will build ancillary business for Stout.

But Blaustein points out that foreign beer marketing frequently is an exercise in finding the right consumer amidst the beer-drinking masses. "We're looking at more targeting, more micromarketing efforts directed at target groups." He adds that light can be an important opportunity importers can use to grow the category as a whole. "It looks like light is the one remaining growth segment in the category."

But it looks as if the struggle between Anheuser-Busch, Miller and Coors will dominate action in the beer market for the near term. One might say that domestic competition is coming to a head.

—MIKE DUFF

GM/HBA ISSUES

Continued from page 235

accounted for more than $78 billion and C-stores got a small share of it. Could supermarkets sell gas, too?

In the durable goods area, the furniture and household equipment category, representing $159 billion, can be another opportunity for increased sales.

Needed: Change in outlook

The percentage of disposable income spent on services—50 percent of the total—is the largest slice. Services are not the normal retail item, but some supermarkets and super stores are getting a slice of this business by adding dry cleaning, postal services, package mailing, pharmacies, appliance repair and rentals. There is a golden opportunity for supermarket retailers, with their customer base, to capture a bigger share of the consumer's disposable income.

Many supermarket retailers have the mind-set that they are in the "food business." In order to survive in today's economic climate and to earn an adequate return on their investment, they must recognize that they are in the "retail business."

Many supermarket retailers have the mind-set that they are in the 'food business.' They must recognize that they are in the *retail* business.

Today's lifestyle definitely favors the one-stop shopping concept. This opens the door of opportunity for the progressive supermarket operator to meet the consumer's needs and capture a larger slice of the disposable personal income pie. ■

THE POWER
TO OVERCOME.

DELI

Continued from page 141

and applications are available to help them.

For example, huge quantities of foods can be prepared in a central facility, sealed in special packaging and then distributed to other supermarkets. The products can then be reheated, if needed, for takeout, with a minimum of back room preparation, time and labor.

There is also packaging for retailers who choose to offer precooked meats and poultry to be heated in a microwave or conventional oven. Cryovac Division, W.R. Grace & Co. (Duncan, S.C.), offers these kinds of packaging with its Cook-In, Cook-Chill and Hot-Fill packaging systems.

"Packaging systems that have been in place and used by other industry segments are very appropriate for supermarket delis," says Larry Young, director of applications, development and support for Cryovac. "The retailer can buy products from the outside using this packaging, or he can develop his own central production facility and use some of the existing packaging systems that would be appropriate."

"The technology in processing and packaging is fairly well-established and is being used by a segment of the meat processing business," adds Young. "There is no reason why you couldn't use that same technology in prepared beef roast or turkey breast that comes from the deli area of supermarkets. There are many different applications retailers can use."

There are many ways to prepare foods for the instore deli area. "Many retailers are trying to cook up everything in sight, or perhaps in a central commissary, but it then becomes a glorified kitchen instead of a commissary," says Young.

"It's a complex area.. We all acknowledge that the prepared foods opportunity is dramatic in the deli and is growing, but we don't know how to service it yet. We are not sure that you need a bunch of new packaging systems to do that."

—LAUREN LEKOSKI

REFRIGERATED FOODS

Continued from page 214

retailers aren't responding as fast."

Non-juice items are also expanding the chilled-product cooler. Dick Curd, a spokesman for Carnation Co. (Los Angeles), says, "Chilled foods is growing. I don't know of any store where the space (for the category) isn't increasing." As proof of the growing market, Carnation is expanding its Contadina Fresh line of freshly cut pastas and sauces. The new products, which retail for $1.69 to $3.99, will include ravioli, plus several new sauce flavors and pasta forms.

"The line is exceeding our expectations," Curd says. "It's still the only one that's distributed nationally."

Another non-juice product driving the expansion of chilled foods is refrigerated dessert. Jell-O Pudding Snacks is offered in five different six-packs and comes in eight flavors. The product is sold by the company's Oscar Mayer sales force, and is merchandised in pegbar packs similar to the packages Oscar Mayer uses for its cold cuts.

"I'm not surprised to see (chilled foods) is still expanding," says Donna Neal, marketing research manager for refrigerated foods at General Foods of White Plains, N.Y. "We're in the last phase of rolling (Jell-O Pudding Snacks) into the Southeast now; after that is finished, we'll be completely national. The category is still growing and the company is concentrating its efforts there," she says.

Neal says it's "a safe guess" that Jell-O will expand with a series of new flavors sometime during the course of the year.

—BRIAN EDWARDS

Don't Forget!

Send your name and address for the latest edition of the free Consumer Information Catalog. Write today:
Consumer Information Center, Department DF
Pueblo, Colorado 81009

PSYCHOGRAPHICS FOR THE 1990s

Continued from page 45

media habits. Stations use the databases to describe their audiences to potential advertisers and sell more airtime.

VALS 2 is a big improvement over the old VALS for this application, says MM&C's Patty Comini. With VALS 2 advertisers can target better.

In Indianapolis, for example, WISH-TV used the old VALS in its 1988 audience survey and VALS 2 in its 1989 survey. The old profile was dominated by two segments: 33 percent of the station's audience were Belongers, 32 percent were Achievers. The rest of the audience were scattered among the other six segments. This lopsided profile limited the kinds of advertisers the station could pursue.

The VALS 2 profile revealed a far more diverse audience, creating opportunities for attracting a greater variety of advertisers. The largest segment of the audience is Strivers—17 percent; the smallest is Strugglers—9 percent. In addition, the largest groups are at the same levels in the VALS 2 hierarchy, creating opportunities for advertisers with products that appeal to several segments to target across them, say Strivers plus Achievers (for example, status-oriented consumers), or Achievers plus Experiencers (consumers with many resources).

For marketers in the 1990s, the critical question is, "What is going on in the consumer's head?" Asking them is prohibitively expensive. But psychographic segmentation, if it's done right, is an economical way to find out. By separating consumers by their differences and then clustering them with similar consumers, marketers can use the mass media to target individuals. ■

Reynolds Freezer Paper 75
Reynolds Oven Cooking Bags
Reynolds Redi-Pan
Cut-Rite Microwave
Reynolds Plastic Wrap
Reynolds Wrap 25

An Announcement to Retailers from Reynolds Metals Company

We periodically offer merchandising performance allowances on proportionately equal terms to all retailers who sell our home food management products. These allowances or offers are designed to be practical in a business sense for all retailers regardless of size.

Allowances are paid for price features, advertising, displays and other consumer-directed promotions. . . according to specific agreements. Proof of performance and invoices are required for payment. From time to time, we also make available point-of-sale and display materials designed for in-store use.

For details, write:

REYNOLDS METALS COMPANY
Consumer Products Division
P.O. Box 27003
Richmond, Virginia 23261